

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the management of General Takaful business.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	RM'000
Net profit for the financial year	<u>230,848</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2024 was as follows:

In respect of financial year ended 31 December 2024, final dividend of:

	RM'000
- 5.09 sen per share, single-tier tax exempt dividend on 931,350,000 ordinary shares	<u>47,406</u>

The final dividends were declared on 16 April 2025 and paid on 17 April 2025.

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MAYBANK GROUP EMPLOYEES' SHARE GRANT PLAN ("ESGP") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE GRANT PLAN ("CESGP")

The existing ESGP ("ESGP2018") is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 6 April 2017, and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022, of which all the awards have been vested to eligible employees from 2021 to 2025. No new awards under ESGP2018 have been issued to staff since 2023, and the plan has officially expired on 13 December 2025.

As continuation of the existing employees' share grant plan, the shareholders at the EGM held on 3 May 2023 have approved the establishment of a new ESGP plan ("ESGP2023"). The ESGP2023 was implemented on 20 September 2023 for eligible talents and senior management. The features of the ESGP2023 are similar to the ESGP2018 with the exception being the plan period i.e. 10 years as compared to ESGP2018 of 7 years. Three (3) out of eight (8) awards have been made in 2023 to 2025, which will vest in 2026 to 2028, subject to fulfilment of the ESGP vesting conditions as well as meeting the performance criteria at the Maybank Group and individual levels.

Both ESGP2018 and ESGP2023 are administered by the Maybank Group Nomination and Remuneration Committee ("NRC").

The ESGP consists of two (2) types of performance-based awards: Employees' Share Grant Plan ("ESGP Shares") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP"). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group NRC.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the NRC may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") and the NRC may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

The maximum number of ordinary shares in the Bank available under the ESGP should not exceed 3.5% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the ESGP schemes.

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The number of ESGP Shares and CESGP to be vested is based on a multiple of the initial grant whereby the multiple is determined according to the performance targets and/or conditions. In the event the performance targets and/or conditions are not met by the eligible employees, the ESGP Shares and CESGP shall not be vested to them at the end of the ESGP vesting schedule.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Encik Mohd Din Bin Merican (Chairman) (Appointed with effect from 1 January 2026)
Dato' Majid Bin Mohamad (Retired with effect from 31 December 2025)
Mr. Dominik Jacqueline A. Smeets (Vice Chairman)
Mr. Wong Shu Yoon
Dato' Muzaffar Bin Hisham (Resigned with effect from 17 May 2025)
Cik Nora Junita Binti Mohd Hussaini
Encik Mohd Amri Bin Mohd Sofian (Appointed with effect from 1 December 2025)

Pursuant to Article 101 of the Company's Constitution, the Directors appointed under the Provision of the Constitution shall not be subject to retirement by rotation under Section 205 of the Companies Act, 2016.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the ESGP and CESGP pursuant to the Maybank Group ESGP.

Since the end of previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Notes 28 and 37 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' benefits are as follows:

	RM'000
Fees	640
Other emoluments	170
	<u>810</u>

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DIRECTORS' INDEMNITY

The Maybank Group maintains on a group basis, a Directors' and Officers' Liability Insurance ("D&O") against any legal liability incurred by the Directors in the discharge of their duties while holding office for the Company. The Directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

The D&O policy provides coverage of RM300 million for all directors of the Maybank Group for the financial year. The total premium paid for the policy amounted to RM1.43 million, compared with RM1.38 million in FY2024.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act, 2016, the interests of Directors in office at the end of the financial year in shares, ESGP of the ultimate holding company, Maybank during the financial year were as follows:

	Number of Ordinary Shares		
	As at 1 January 2025	Acquired/ Disposed 2025	As at 31 December 2025
Ultimate Holding Company			
Direct Interest:			
Encik Mohd Amri Bin Mohd Sofian	43,700	-	43,700
Indirect Interest:			
Mr. Wong Shu Yoon ¹	2,000	7,300	9,300

¹ Shares in Maybank held by daughter in law.

The ultimate holding company has awarded the ESGP shares to the following Director:

	Award date	Number of ESGP shares awarded	Vesting year
Encik Mohd Amri Bin Mohd Sofian	30 September 2021	28,000	2024
	30 September 2022	28,000	2025
	20 September 2023	45,000	2026
	8 March 2024	45,000	2027
	31 October 2025	72,534	2028
		218,534	

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DIRECTORS' INTERESTS (CONTD.)

The ESGP shares will be vested on the ESGP vesting date provided that all the ESGP vesting conditions are met.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

CORPORATE GOVERNANCE

The Company has complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance as disclosed from pages 8 to 28.

FINANCIAL HOLDING COMPANY

The financial holding company is Maybank Ageas Holdings Berhad ("MAHB").

IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES

The Directors regard MAHB, a company incorporated in Malaysia, as the Company's immediate holding company and Etiqa International Holdings Sdn. Bhd. ("EIHSB") and Maybank, companies incorporated in Malaysia, as the penultimate and ultimate holding companies respectively.

OTHER STATUTORY INFORMATION

- (a) Before the Statement of Financial Position and Income Statement of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTD.)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

For the purposes of paragraphs (e)(ii) and (f)(i) above, contingent liabilities or other liabilities do not include liabilities arising from certificates of takaful underwritten in the ordinary course of business of the Company.

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SIGNIFICANT EVENTS

There were no significant events during the financial year that would require disclosure in the financial statements.

SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial year that would require adjustment or disclosure in the financial statements.

AUDITORS


The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	RM'000
Ernst & Young PLT	<u>502</u>

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 March 2026.


MOHD DIN BIN MERICAN


WONG SHU YOON

CORPORATE GOVERNANCE DISCLOSURES

(1) INTRODUCTION

The Board of Directors (“the Board”) of Etiqa General Takaful Berhad (“the Company”), a wholly-owned subsidiary of Maybank Ageas Holdings Berhad, the immediate holding company (“MAHB”) and its subsidiaries (collectively referred to as “the Group”), acknowledges the importance of a robust and sound Corporate Governance (“CG”) Framework in promoting integrity and transparency throughout the Group. The Board continuously refines the Company's CG practices and processes to uphold the highest standards of conduct, as guided by the Companies Act 2016 and the Bank Negara Malaysia (“BNM”) Policy Document on CG. Disclosures in this section are made pursuant to Paragraph 22 of the BNM Policy Document on CG.

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT

(a) Board Composition

As at 31 December 2025, the Board comprises five (5) Directors:-

- (i) Three (3) Independent Non-Executive Director (“INED”);
- (ii) One (1) Non-Independent Non-Executive Director (“NINED”); and
- (iii) One (1) Executive Directors (“ED”).

The composition of the Board meets the requirement of having a majority of independent directors and common directors remain in the minority as set out in the BNM Policy Document on CG. None of the INEDs had exceeded their respective nine (9) years’ tenure pursuant to the MAHB Group’s Policy on Tenure of Directorship which limits the tenure of an INED to a cumulative period of nine (9) years. Dato’ Majid Bin Mohamad, an INED, is the Chairman of the Board; Mr. Dominik Jacqueline A. Smeets, NINED who is also the Vice Chairman, is a nominee of Ageas Insurance International N.V. (“Ageas”), a shareholder of MAHB whilst En Mohd Amri Bin Sofian is the only ED on the Board.

The Board is committed to ensuring diversity and inclusiveness in its composition and decision-making process. The Company also embraces the proposition that having a diverse Board would have a positive, value-added impact on the Company. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

The Board meets at least once on a bi-monthly basis, and the meeting dates are scheduled in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on an ad hoc basis to consider urgent matters. All Directors attended more than 75% of Board meetings held during the financial year.

The composition of the Board and the attendance of the Directors at meetings held during the financial year are as follows:-

Members of the Board	Designation	Number of Board Meetings attended	%
Dato' Majid Bin Mohamad (<i>Chairman</i>)	INED ¹	12/12	100
Mr. Dominik Jacqueline A. Smeets (<i>Vice Chairman</i>)	NINED	12/12	100
Mr. Wong Shu Yoon	INED	12/12	100
Dato' Muzaffar Bin Hisham	ED ²	4/5	80
Cik Nora Junita Binti Mohd Hussaini	INED ³	12/12	100
En. Mohd Amri Bin Mohd Sofian	ED ⁴	1/1	100

¹ Resigned as the Chairman / INED of the Company with effect from 31 December 2025.

² Resigned as an ED of the Company with effect from 17 May 2025.

³ Appointed as the Chairman of the ACB with effect from 1 January 2025.

⁴ Appointed as an ED of the Company with effect from 1 December 2025.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

Profile of Directors

Name/Designation/Age/ Nationality	Background/ Experience	Other Directorships within the Group
<p>Dato' Majid Bin Mohamad Chairman / INED 71 years of age Malaysian</p>	<p>Banking and Insurance</p>	<ul style="list-style-type: none"> • INED, MAHB (<i>Resigned with effect from 30 November 2025</i>) • Chairman / INED, Etiqa Family Takaful Berhad (<i>Resigned with effect from 31 December 2025</i>) • Chairman / INED, Etiqa Offshore Insurance (L) Ltd (<i>incorporated in Federal Territory of Labuan</i>) (<i>Resigned with effect from 31 December 2025</i>) • Chairman / INED, Etiqa Life International (L) Ltd (<i>incorporated in Federal Territory of Labuan</i>) (<i>Resigned with effect from 31 December 2025</i>)
<p>Mr. Dominik Jacqueline A. Smeets Vice-Chairman / NINED 49 years of age Belgian</p>	<p>Legal</p>	<p>Nil</p>
<p>Mr. Wong Shu Yoon INED 70 years of age Malaysian</p>	<p>Insurance</p>	<ul style="list-style-type: none"> • INED, Etiqa Offshore Insurance (L) Ltd (<i>incorporated in Federal Territory of Labuan</i>) • INED, Etiqa Life International (L) Ltd (<i>incorporated in Federal Territory of Labuan</i>)
<p>Cik Nora Junita Binti Mohd Hussaini INED 52 years of age Malaysian</p>	<p>Finance</p>	<p>Nil</p>
<p>En. Mohd Amri Bin Mohd Sofian ED 48 years of age Malaysian</p>	<p>Accounting and Finance</p>	<p>Nil</p>

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

Detailed profile of each Director is available on the Group's corporate website (www.etiqa.com). Directors' interests in shares and share options in the ultimate holding company, Malayan Banking Berhad ("MBB" or "Maybank") are disclosed in the Directors' Report that accompanies the Company's financial statements for the financial year ended 31 December 2025 ("FYE 2025").

(b) Roles and Responsibilities of the Board

The business and affairs of the Company are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of the Company. The Board also sets the core values, and adopts proper standards to ensure that the Company operates with integrity and complies with the relevant rules and regulations.

The roles and responsibilities of the Board are set out in the Company's Board Charter and the Terms of Reference of the Board which are available on the Group's corporate website (www.etiqa.com).

(c) Board Committees Composition and Roles & Responsibilities

The Company leverages on the Group Board Committees at MAHB, which MAHB Board had established to assist the Board in carrying out effective oversight of the operations and business affairs of the Company, namely:

- (i) Nomination and Remuneration Committee;
- (ii) Audit Committee of the Board;
- (iii) Risk Management Committee; and

To ensure that the Company's operations comply with Shariah principles pursuant to the Islamic Financial Services Act 2013 ("IFSA"), the Board is assisted by:

- (iv) Shariah Committee.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(i) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) consists of a majority of INEDs and is chaired by an INED.

The primary objective of the NRC is to support the Board of the Group in discharging their duties and responsibilities in the appointments, removals, composition, performance evaluation and development, fit and proper assessments concerning the Board, Chief Executive Officers (“CEOs”), Shariah Committee members¹, Senior Officers² and Company Secretary of the Group. In addition, the NRC oversees the design and operation of the remuneration system, and periodically reviews the appropriate remuneration of the Board, CEOs, Shariah Committee members¹ and Senior Officers² of the Group.

The NRC also establishes a formal and transparent procedure for the nomination and appointment of Directors, CEOs, Shariah Committee members¹, Senior Officers² and Company Secretary of the Group.

The Board via the NRC assesses the independence of INEDs prior to their appointments and re-appointments, as part of the annual Fit and Proper Assessment exercise. Pursuant to the NRC’s recommendation based on the assessment undertaken for the financial year, the Board is satisfied that all the INEDs of the Company have met the independence criteria, as set out in BNM Policy Document on CG as well as MAHB Group’s Policy on Directors’ Independence. Once in every three (3) years, the NRC would engage an external consultant to conduct the annual Board Effectiveness Evaluation on the overall effectiveness of the Board, Board Committees, and individual Directors.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(i) Nomination and Remuneration Committee (contd.)

The NRC plays a major role in the recruitment and selection process of potential candidates, which includes procuring from time to time the curriculum vitae of prospective candidates discreetly to ensure that the Board always have a steady pool of talent whenever there is a need for appointment of Directors. This is not only to ensure continuity in meeting its long term goals but also to ensure the knowledge, experience and skillset of the Board members, both individually and collectively, are well suited to meet the demands of the ever-changing landscape of the takaful industry.

In addition, the NRC is also responsible to implement a formal and transparent procedure for developing a remuneration framework for Directors, CEOs, Shariah Committee members¹, Senior Officers² and Other Material Risk Takers of the Group, and also to ensure compensation is competitive and consistent with the Group's culture, objectives and strategy as well as the industry standards.

The roles and responsibilities of the NRC are detailed in its Terms of Reference which is available on the Group's corporate website (www.etiga.com).

¹ *The word 'Shariah Committee' shall refer to the Group Shariah Committee which reports to the Company and Etiqa Family Takaful Berhad, a wholly-owned subsidiary of MAHB.*

² *The word 'Senior Officers' shall refer to Senior Officers of the Group which include the following: (i) Senior Management Committee and Senior Management Team members (including Principal Officer of Labuan entities); (ii) Direct reports to the CEOs, (where relevant); (iii) Chief Compliance Officer; (iv) Chief Internal Auditor; and (v) Appointed Actuary, as defined in Paragraph 5.2 of the Fit and Proper Criteria Policy Document, or such revisions by Bank Negara Malaysia ("BNM") from time to time.*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(i) Nomination and Remuneration Committee (contd.)

The composition of the NRC and the attendance of its members at meetings held during the financial year are as follows:-

Members of NRC	Designation	Number of NRC Meetings attended	%
Cik Che Zakiah Binti Che Din <i>(Chairman)</i>	INED	10/10	100
Datuk Mohd Najib Bin Abdullah	INED	10/10	100
Mr. Glenn John Williams	NINED ¹	4/4	100
Dato' Majid Bin Mohamad	INED ²	10/10	100
Pn. Fauziah Binti Hisham	INED ³	6/6	100
Mr. Gary Lee Crist	NINED ⁴	5/6	83
Ms. Daniela Adaggi	NINED ⁵	-	-

¹ Appointed as a member of the NRC with effect from 1 July 2025.

² Ceased as a member of the NRC with effect from 30 November 2025.

³ Ceased as a member of the NRC with effect from 1 July 2025 following her appointment as the Chairman of the Malayan Banking Berhad ("MBB" or "Maybank") NRC on the same date.

⁴ Ceased as a member of the NRC with effect from 30 June 2025.

⁵ Ceased as a member of the NRC with effect from 1 January 2025.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(ii) Audit Committee of the Board

The Audit Committee of the Board ("ACB") consists of a majority of INEDs and is chaired by an INED.

ACB supports the Board in ensuring reliable and transparent financial reporting processes, oversees and monitors the effectiveness of the internal and external audit functions, reviews related-party transactions and conflicts of interest situations, assess the suitability, objectivity and independence of the Group's appointed external auditors and independently assess the integrity of organisational wide management practices through the review of audit findings raised by the internal auditors, external auditors and/or regulators, ensuring that corrective actions, where necessary, are resolved in a timely manner to ensure the Group's operations run in an effective and efficient manner as well as to safeguard Group's assets and stakeholders' interests.

The roles and responsibilities of the ACB are set out in its Terms of Reference which is available on the Group's corporate website (www.etiqa.com).

The composition of the ACB and the attendance of its members at meetings during the financial year are as follows:-

Members of ACB	Designation	Number of ACB Meetings attended	%
Cik Nora Junita Binti Mohd Hussaini (Chairman)	INED ¹	9/9	100
Mr. Wong Shu Yoon	INED ²	9/9	100
Mr. Glenn John Williams	NINED ³	4/4	100
Mr. Gary Lee Crist	NINED ⁴	5/5	100
Professor Dr. Azman Bin Mohd Noor	INED ⁵	5/5	100

¹ Re-designated from a member to the Chairman of the ACB with effect from 1 January 2025.

² Ceased as a member of the ACB with effect from 31 December 2025.

³ Appointed as a member of the ACB with effect from 1 July 2025.

⁴ Ceased as a member of the ACB with effect from 30 June 2025.

⁵ Ceased as a member of the ACB with effect from 14 June 2025.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(iii) Risk Management Committee

The Risk Management Committee ("RMC") consists of a majority of INEDs and is chaired by an INED.

RMC assists the Board in risk management by upholding the principles set out in the Enterprise Risk Management Framework and ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, the RMC is responsible for reviewing, endorsing or/and approving policies and frameworks to identify, monitor, manage and control material risks impacting the Group under the key risk categories of financial, insurance, operational and enterprise risks.

The roles and responsibilities of the RMC are set out in its Terms of Reference which is available on the Group's corporate website (www.etiga.com).

The composition of the RMC and the attendance of its members at meetings held during the financial year are as follows:-

Members of RMC	Designation	Number of RMC Meetings attended	%
En. Mohd Din Bin Merican (Chairman)	INED ¹	9/9	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED	9/9	100
En. Mohamad Shukor Bin Ibrahim	INED ²	9/9	100
Mr. Tan Kwang Kherng	INED	9/9	100
Mr. Ajay Kumar Garg	NINED ³	5/5	100
Mr. Emmanuel Gerard C. Van Grimbergen	NINED ⁴	4/4	100

¹ Ceased as the Chairman and member of the RMC with effect from 31 December 2025.

² Ceased as a member of the RMC with effect from 31 December 2025.

³ Appointed as a member of the RMC with effect from 1 July 2025.

⁴ Ceased as a member of the RMC with effect from 30 June 2025.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(iv) Shariah Committee

Shariah Committee ("SC") consists of five (5) members.

The Board of the Company set up SC in compliance with the IFSA, which oversees the operations of the Company to ensure that they are in line with the principles of Shariah.

The composition of the SC and the attendance of its members at meetings held during the financial year are as follows:

Members of SC	Designation	Number of SC Meetings attended	%
Associate Professor Dr. Muhammad Najib Bin Abdullah (<i>Chairman</i>)	Member ¹	10/10	100
Professor Dr. Azman Bin Mohd Noor	INED ²	6/6	100
Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar	Member	10/10	100
Professor Dr. Sharifah Faigah Binti Syed Alwi	Member	10/10	100
Professor Dato' Dr. Ahmad Hidayat Bin Buang	Member	10/10	100
En. Mohd Kamal Bin Mokhtar	Member ³	3/3	100

¹ Re-designated from a member to the Chairman of the SC with effect from 15 June 2025.

² Ceased as the Chairman and member of the SC with effect from 14 June 2025.

³ Appointed as a member of the SC with effect from 15 August 2025.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training

The Board acknowledges the importance of continuing education for its Directors to ensure they are well equipped with the necessary skills and knowledge to perform their duties and meet the challenges facing the Board.

During the financial year, all the Board members have attended various training programmes and workshops on issues relevant to the Group, including key training programmes for new Directors, namely the Induction Programme, Financial Institutions Directors' Education ("FIDE") and In-house training programme by international speakers and Senior Management Committee members/Heads of Departments.

(i) Induction Programme

A comprehensive induction programme has also been established and coordinated by the Company Secretary to ease new Directors into their new role and to assist them in their understanding of the Group's business strategy and operational matters. New Directors are required to attend the programme as soon as possible after they have been appointed. The programme includes intensive one-on-one session with the Senior Management Committee members/Head of Departments, wherein new Directors would be briefed and brought up to speed on the challenges and issues faced by the Group.

(ii) Training Attended by the Directors

The Board continues to assess the training needs of its Directors and identify key areas of focus for training programmes vide continuous feedback after the In-house training programme and the Board Effectiveness Evaluation assessment conducted for each financial year.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Training Attended (contd.)

Training attended by the Directors during the financial year were as follows:

A. In-house Training	DM¹	DS²	RW³	NJ⁴
1. Etiqa: Responsibilities & Liabilities of Directors and Officers and Corporate Governance, Messrs. Wong & Partners	✓	✓	✓	✓
2. Etiqa: FY2025 Annual MAHB Board Risk Landscape Workshop, MAHB Risk Management Department	✓	✓		✓
3. Etiqa: The Insurance Horizon: Trends Shaping SEA's Future, Institute of Corporate Directors Malaysia (ICDM)			✓	✓
4. Etiqa: MAHB Offsite Strategy Meeting 2025 – Optimising Capital & Resources – IT Highlights & Readiness, Milliman Southeast Asia	✓	✓	✓	✓
5. Etiqa: Takaful Governance for Boards, Shariah & Strategy, The <i>International Center for Education in Islamic Finance</i> (INCEIF) University and ISRA Consulting	✓			✓
6. Etiqa: The Nexus of Regulation & Board Governance, Achieving Cyber Resilience, Ernst & Young (EY) Consulting Sdn. Bhd.	✓	✓		✓
7. Etiqa: "E-Invoicing for Directors: Myinvois & MyTax Portal Walkthrough with EY Malaysia, Ernst & Young Consulting Sdn. Bhd.	✓			✓
8. Etiqa: Regional Updates on Life and Non-Life Segments, Milliman Southeast Asia				✓
9. Etiqa: Annual Engagement with Etiqa Takaful Shariah Committee" by Shariah Committee Members of Etiqa Family Takaful Berhad (EFTB) and Etiqa General Takaful Berhad (EGTB)	✓	✓	✓	✓
10. Etiqa: Etiqa Sustainability Day 2025 – The Environmental, Social & Governance (ESG) Reset Panel Session: Reinvent, Rebrand or Retreat?, Corporate Strategy Office of MAHB	✓		✓	✓
11. Maybank: Maybank Annual Board Risk & Compliance Workshop 2025, Group Risk, PwC, Oliver Wyman & Deloitte			✓	✓
12. Maybank: Corporate Governance Excellence: Navigating Governance in Groups, Asia School of Business (ASB)			✓	
13. Maybank: Annual Cybersecurity Awareness, Accenture Cybersecurity Global		✓	✓	✓
14. Ageas Academy: Financial Excellence course on IFRS17 and Solvency II, Ageas Group		✓		
15. Ageas Group: Agency Apex, Ageas Group		✓		
16. Ageas Group: Ageas Partnership Days, Ageas Group		✓		✓
17. Ageas Group: Ageas Management Forum, Ageas Group		✓		
18. Ageas Group: NextGen Partnerships Conference, Ageas Group		✓		
19. Ageas Group: Ageas (Digital) Banca Conference Ageas Group		✓		
20. Ageas Academy: Diversity, Equity & Inclusion (DEI) e-learning module, Ageas Academy		✓		

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Training Attended (contd.)

Training attended by the Directors during the financial year were as follows: (contd.)

B. External Trainings	DM¹	DS²	RW³	NJ⁴
1. FIDE Forum: Special Lecture on Global Events & Financial Industry Outlook, George Town Institute of Open and Advanced Studies	√			
2. Public hearing on the principles of assessment of necessity for obtaining conventional reinsurance by Takaful institutions, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI):	√			
3. BNM Sasana Symposium, BNM	√			
4. EastWest Bank: Annual Corporate Governance Training, Center for Global Best Practices (CGBP)		√		
5. Economic Outlook & Post-Budget 2026, FIDE Forum				√
6. Core Modules A & B (Insurance), FIDE Forum				√
7. Corporate Governance Orientation Programme (CGOP), The Institute of Corporate Directors Inc, Phillipines				√
8. Ministry of Women, Family and Community Development (KPWKM) and Qube Integrated Malaysia: "WE2025 Future in Motion (Women in Trade, Investment, Leadership) - Leadership Conference" by Intrinsic SEA, The Mind Academy, Republic of Kosovo, Royal Government of Bhutan, Berjaya Food Berhad and Starbucks Malaysia, Malaysia – China Chamber of Commerce, Alibaba.com Malaysia, KPWKM, Women's International Shipping & Trading Association, Professional Convention Management Association, Peniagawati, MyMasterMan and Hefei City				√

1 DM - Dato' Majid Bin Mohamad

2 DS - Mr. Dominik Jacqueline A. Smeets

3 WSY – Mr. Wong Shu Yoon

4 NJ – Cik Nora Junita Binti Mohd Hussaini

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(3) INTERNAL CONTROL FRAMEWORK

The Board exercises overall responsibility on the Company's internal controls and its effectiveness. The Board recognises that risks cannot be eliminated completely; as such, the systems and processes put in place are aimed at minimising and managing risk. The Company has established internal controls which cover all levels of personnel and business processes to ensure the Company's operations run in an effective and efficient manner as well as to safeguard the assets of the Company and stakeholders' interests. Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures that corrective action, where necessary, is taken in a timely manner. As a custodian of public funds, the Company's dealings with the public are always conducted fairly honestly and professionally.

(4) REMUNERATION - QUALITATIVE DISCLOSURES

(a) Board Performance

In line with good corporate governance, the Board via NRC has set out its intention to periodically review the remuneration of NEDs as per Maybank's Remuneration Policy for Directors.

The Board believes that one area that the Board needs to focus on in order to remain effective in discharging its duties and responsibilities is the setting of a fair and competitive remuneration package which commensurates with the level of expertise, skills, commitment and responsibilities undertaken, with being a director of a financial institution.

The remuneration package of NEDs consists of the following:-

Fees and meeting allowances – Directors' fees and meeting allowances for NEDs are based on a fixed sum as determined by the NRC and Board, and subsequently approved by the shareholder.

(b) Senior Management Appointment and Performance

The NRC recommends and assesses the nominee for the position of CEO and re-appointment of CEO as well as oversees the appointment and succession planning of the Senior Management.

The NRC is responsible to oversee performance evaluation of CEO and Senior Management.

The NRC is also responsible to ensure all Key Responsible Persons ("KRPs") fulfil the fit and proper requirements, in line with the Fit and Proper Policy for KRPs.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES

(a) NED's Remuneration

The NEDs' Remuneration for the financial year are as follows:-

<u>Remuneration</u>	<u>Per Annum (RM)</u>
(i) Fees	
• Board	
- Chairman	190,000
- Member	130,000
• Board Committee	
- Chairman	34,000
- Member	30,000
• Shariah Committee	
- Chairman	*80,000
- Member	^67,500
(ii) Meeting Allowance	
• per meeting attended	2,200

**The amount of RM80,000 is borne equally by the Company and Etiqa Family Takaful Berhad*

^The amount of RM67,500 is borne equally by the Company and Etiqa Family Takaful Berhad

(b) Disclosure of Directors' and CEO's Remuneration

The details of Directors' and CEO's Remuneration for FYE 2025 are disclosed in Notes 28 and 27(b) to the financial statements.

(c) Remuneration Policy in respect of Officers of the Company

The Company adopts a total rewards management approach to our remuneration and related practices. Aligned with our business and people strategies, the aim is to create long-term sustainable value for our shareholders, customers and other stakeholders.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

Through our integrated Talent Management Framework and Total Rewards Framework, we drive employee engagement with timely and differentiated rewards, benefits and career development/progression opportunities. This enables us to attract and retain top talent, and to deliver exponential business results responsibly.

The framework is anchored on the principles of pay for performance and affordability, ensuring our workforce is rewarded equitably, reasonably and in line with relevant indices. We are driven to remaining competitive against our peers, while differentiating our rewards by being inclusive, fair and relevant.

Focused on accelerating our environmental, social and governance (ESG) as well as sustainability commitments, we have embedded ESG considerations into our total rewards management through rigorous governance, performance metrics, and prudent risk management. We remain committed to supporting the well-being and dignity of our employees through fair remuneration. In Malaysia, all employees, including eligible contract staff, are paid at or above the living wage threshold of RM3,100 per month, enabling them to enjoy a decent standard of living.

Our remuneration policies and practices are periodically reviewed to align with regulatory requirements and to promote a high-performance culture.

Components of remuneration

Our comprehensive Total Rewards Framework is supported by three pillars: total compensation, benefits and well-being, and development and career opportunities.

i) Total Compensation

The Group's Compensation Policy ensures competitive pay benchmarked against market standards. Through annual salary reviews, variable bonuses and long-term incentives for eligible senior management and above, we retain, motivate and reward our talents.

Our holistic approach to compensation encompasses fixed and variable pay, calibrated to align with the Company's long-term performance goals and objectives while motivating employees and rewarding their achievements as well as contributions.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

i) Total Compensation (contd.)

Fixed Pay

We attract and retain talents with competitive and equitable pay, which is reviewed annually using internal and external benchmarking against relevant peers and locations. The review considers market dynamics, individual responsibilities, functions and roles, performance, skillsets and competencies.

Variable Bonus/Incentive

Bonuses and incentives reflect a pay-for-performance culture in line with the Company's core values. These bonuses/incentives are based on the Group's overall performance as well as that of the business/corporate functions and individuals. A balanced scorecard is used, comprising financial and non-financial KPIs to drive behaviours and performance that create long-term shareholder value.

Long-Term Incentive Award

A significant component of senior management's total compensation, the award is integral to long-term risk management and to meeting the Group's strategy.

Variable Pay Awards

Complement the Group's risk management and performance goals through deferral and clawback policies.

i. Deferral Policy: Bonuses/incentives exceeding certain thresholds are deferred over a period of time and lapse upon termination of employment, including resignation, except in the event of ill health, disability, redundancy, retirement or death.

ii. Clawback Provision: The Company may adjust or clawback bonuses or long-term incentive awards if deemed appropriate for risk management purposes, financial misstatement, fraud, gross negligence or wilful misconduct.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

ii) Benefits and Well-being

The Company remains committed to fostering a safe, inclusive and empowering workplace where employees can thrive. Our comprehensive benefits support holistic well-being, including extensive medical coverage, with no age limit for children with disabilities; parental, sabbatical and volunteerism leave; competitive employee financing including housing, electric vehicle and solar financing; and insurance and retirement protection. Employees are further supported through a flexible benefits scheme that allows personalisation and a staff welfare fund for urgent medical or disaster-related needs. In 2025, we intensified our focus on well-being through comprehensive awareness efforts and preventive health initiatives, creating stronger foundations for our people's growth.

As part of the Company's commitment to a high-performance, values-driven culture, the SPOT Award was introduced to recognise impactful behaviours as they happen. The immediate acknowledgement of contributions comprises real-time recognition such as mini celebrations and gift vouchers, complementing the Company's formal reward structures. It reinforces a culture where the employees feel valued for the difference they make.

iii) Development and Career Opportunities

We cultivate a learning culture that supports employees' growth and enables them to contribute effectively throughout their careers. Our learning and development programmes are designed to be relevant, accessible and aligned with the Group's strategic priorities. They provide opportunities for employees to strengthen technical capabilities, enhance leadership competencies and build future-ready skills to navigate a dynamic operating environment.

Our development approach integrates formal learning with on-the-job experience, coaching and mentorship, ensuring employees gain the knowledge and practical exposure required to perform and progress.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

iii) Development and Career Opportunities (contd.)

Internal mobility is core to our talent development and succession strategy, supporting leadership readiness and the continuity of critical roles across the Group. Guided by our enterprise mobility framework, employees are encouraged to broaden and deepen their skills through movements within and across functions, sectors and countries. Exposure to different environments and business models enables them to acquire both technical and leadership capabilities, as well as versatility for future roles. This approach strengthens our succession pipeline, enhances organisational resilience and supports long-term capability building across the Group.

We remain committed to providing employees with the development opportunities, platforms and mobility pathways needed to pursue meaningful career progression, ensuring an agile and competitive workforce, aligned with the Group's long-term aspirations.

LONG-TERM INCENTIVE PLAN ("LTIP")

Employees' Share Grant Plan ("ESGP")

To align with our LTIP and strategic objectives of rewarding sustainable performance, retaining key talent and strengthening our ESG commitments, we launched our ESGP in December 2018. Until its expiry in December 2025, five awards were granted annually from 2018 to 2022, with all the tranches vested to eligible employees between 2021 and 2025.

Subsequently, a new 10-year ESGP scheme was introduced on 20 September 2023, sustaining our LTIP strategy until 2033. Three awards were granted under the new ESGP scheme in 2023, 2024, and 2025, which will vest in 2026, 2027, and 2028, contingent upon the fulfilment of both Group and individual-level performance criteria and vesting conditions.

Performance Measures: ESG KPIs have been integrated into the vesting criteria of the LTIP alongside financial metrics such as return on equity ("ROE") and our relative total shareholder return ("TSR"). This ensures our incentive structures drive long-term shareholder value and a sustainable future for our business and communities.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

LONG-TERM INCENTIVE PLAN ("LTIP") (CONTD.)

Employees' Share Grant Plan ("ESGP") (contd.)

Governance and Controls – Remuneration Practices

We maintain strong corporate governance practices with remuneration policies and practices that comply with all statutory and regulatory requirements, reinforced by robust risk management and controls.

Performance and remuneration control functions are assessed independently of business units to avoid conflicts of interest. The remuneration of employees in control functions is predominantly fixed, reflecting their responsibilities. Annual reviews against internal and market benchmarks to ensure competitiveness.

Our KPIs emphasise outcome-based performance while integrating risk governance and compliance goals for senior officers and other material risk takers ("OMRTs"). These help to shape our organisational culture and drive risk and compliance agendas. Input from control functions and Board committees is incorporated into the respective functional areas and individual performance results.

Senior Officers and Other Material Risk Takers ("OMRT")

Following annual reviews, the remuneration of senior officers and OMRTs are recommended by the Nomination and Remuneration Committee to the Board for approval. This ensures alignment with risk management and sustainability goals, while maintaining fairness and transparency in deferred compensation.

The remuneration of the Company's Senior Officers and OMRTs in FY2025 are summarised in the table below:

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

Senior Officers and Other Material Risk Takers ("OMRT") (contd.)

Total Value of remuneration awards for the Financial Year (RM'000)	Senior Officers		OMRTs	
	Unrestricted	Restricted	Unrestricted	Restricted
Fixed Compensation				
Cash	7,003 (16 headcount)	-	-	-
Shares and share-linked instrument	-	-	-	-
Others	-	-	-	-
Variable Compensation				
Cash	2,529 (15 headcount)	-	-	-
Shares and share-linked instrument	1,359 (8 headcount)^	Refer to note below	-	-
Others	-	-	-	-
Definition	Senior Officers are defined as Chief Executive Officer (CEO); Direct Reports to the CEO and Appointed Actuary.		OMRTs are defined as employees who can materially commit or control significant amounts of a financial institution's resources or whose actions are likely to have a significant impact on its risk profile or those among the most highly remunerated officers.	

Notes:

* In FY2025, a total of 166,356 units of Maybank shares (based on On-Target performance levels) under the Maybank Group ESGP/Cash-settled Employees' Share Grant Plan (CESGP) were awarded to 12 Senior Officers. The number of ESGP/CESGP units to be vested/paid by 2028 would be conditional upon the said employees fulfilling the vesting/payment criteria.

^ A total of 132,700 units of ESGP/CESGP granted in September 2022 have vested to 8 Senior Officers in 2025. ESGP values are based on statutory guidelines for taxable gains calculation while CESGP value is based on volume weighted average market price (VWAMP) for the five market days immediately preceding the CESGP vesting date.

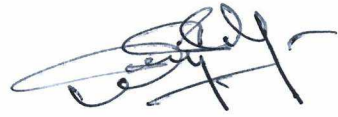
ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Mohd Din Bin Merican and Wong Shu Yoon, being two of the Directors of Etiqa General Takaful Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 187 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2025 and of the results and the cash flows of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 March 2026.



MOHD DIN BIN MERICAN


WONG SHU YOON

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Munahar Bin Mohd Mokhtar, being the Officer primarily responsible for the financial management of Etiqa General Takaful Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 187 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed MUNAHAR BIN MOHD MOKHTAR
at Kuala Lumpur in Wilayah Persekutuan on
25 March 2026


MUNAHAR BIN MOHD MOKHTAR
HEAD OF FINANCE

Before me,

Commissioner for Oaths



50A-1, Jalan Kemuja
Bangsar Utama, 29
59000 Kuala Lumpur

REPORT OF THE SHARIAH COMMITTEE

In the name of Allah, the Most Beneficent, the Most Merciful

We, Associate Professor Dr. Muhammad Najib Bin Abdullah and Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar, being two of the members of the Shariah Committee of Etiqa General Takaful Berhad, do hereby report on behalf of the Committee that to the best of our knowledge and belief:

In compliance with our letter of appointment and terms of reference, we have reviewed and approved the principles, policies, products and the contracts relating to the transactions undertaken by the Company during the financial year ended 31 December 2025. We have also conducted our review to form an opinion pursuant to Section 30(1) of Islamic Financial Services Act 2013 ("IFSA"), as to whether the Company has complied with the principles of Shariah, Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia ("BNM"), Shariah standards issued by BNM pursuant to Section 29 of IFSA, relevant guidelines and circulars issued by BNM, Shariah rulings issued by the Shariah Advisory Council of Securities Commission (for capital market related matters), as well as Shariah resolutions resolved by us.

During the financial year of 2025, the Committee had convened 10 times and all members have satisfied the minimum attendance requirement as per Paragraph 11.4 of Shariah Governance Policy Document of BNM which stipulates that a Committee member must attend at least 75% of the Committee meetings held in each financial year.

The management of the Company has been held responsible for ensuring that the Company conducts its business in accordance with Shariah rules and principles. It is our responsibility to express an independent opinion based on our review of the operations of the Company.

We have assessed the work carried out by Shariah review function and Shariah audit function which included examining, on a test basis, the relevant type of transactions, documentations and procedures adopted by the Company.

The Company also has organised the necessary Shariah training programs to the Board of Directors, senior management, staff and agents to enhance the Shariah awareness and instill the Shariah compliant culture throughout the organisation.

As part of the initiatives towards strengthening capabilities of the Shariah Committee, a series of relevant training programmes were conducted and participated by the Committee during the financial year of 2025, among others; Cyber Risk and Security Awareness, Responsibilities & Liabilities of Directors, Corporate Governance, Evolution and Global Growth of the Takaful and Retakaful Industry, Shariah Leadership in Sustainability, Methodologies of Deriving Fatwas in Fiqh al-Mu'amalat, Hibah from legal perspective and Management of Medical Takaful Business.

We obtained all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated the rules and principles of Shariah.

In our opinion:

1. The relevant contracts, transactions and dealings entered into by the Company during the financial year ended 31 December 2025 that we have reviewed are in compliance with the Shariah principles;

REPORT OF THE SHARIAH COMMITTEE (CONTD.)

In our opinion: (contd.)

2. The investment activities and the investment avenues conform to the basis that had been approved by us in accordance with Shariah principles;
3. The sharing of surplus arising from the tabarru' fund (Participants' Risk Fund) conforms with the respective internal policies and approved by us;
4. Nothing has come to our attention that causes us to believe that the operations, business, affairs and activities of the Company involve in any material Shariah non-Compliant incidents;
5. Accordingly, there were no Shariah non-compliant events encountered by us during the financial year ended 31 December 2025. However, there were Shariah non-compliant earnings derived from prohibited sources by EGTB during the same period as disclosed in Note 45. These earnings were disposed of and channelled to the Amal Jariah fund for the purpose of purification;
6. The Shariah Committee has endorsed and approved the zakat calculation method, as well as the amount of RM 23,805,007 for the Company's zakat for the 2025 financial year. Of this total, 10% will be distributed directly by the Company, while 90% will be paid to each state zakat center, Majlis Agama Islam Negeri, across Malaysia; and
7. The payment and distribution of business zakat and distribution of Amal Jariah fund during 2025 is in compliance with the principles of Shariah.

This opinion is rendered based on what has been presented to us by the management of the Company and its Shariah Management. To the best of our knowledge and belief, the information provided to us is true and accurate.

All in all, we, the members of the Shariah Committee of Etiqa General Takaful Berhad, do hereby confirm that, in our level best, the operations of the Company for the financial year ended 31 December 2025 have been conducted in conformity with the rules and principles of Shariah.

They said, "Exalted are You (Allah); we have no knowledge except what You have taught us. Indeed, it is You who is the Knowing, the Wise." (Surah al-Baqarah, chapter 2, verse 32)

Allah knows best.

Signed on behalf of the Committee.



ASSOCIATE PROFESSOR DR. MUHAMMAD
NAJIB BIN ABDULLAH



PROFESSOR EMERITUS DATO'
DR. MOHD AZMI BIN OMAR

Kuala Lumpur, Malaysia
25 March 2026



**Shape the future
with confidence**

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201701025031 (1239197-A)

**Independent auditors' report to the member of
Etika General Takaful Berhad
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Etika General Takaful Berhad ("the Company"), which comprise the statement of financial position as at 31 December 2025 and income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 36 to 187.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance disclosures and the Report of the Shariah Committee but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.



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201701025031 (1239197-A)

**Independent auditors' report to the member of
Etiqa General Takaful Berhad (cont'd.)
(Incorporated in Malaysia)**

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Shape the future
with confidence

201701025031 (1239197-A)

**Independent auditors' report to the member of
Etiqa General Takaful Berhad (cont'd.)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Shape the future
with confidence

201701025031 (1239197-A)

Independent auditors' report to the member of
Etiga General Takaful Berhad (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
25 March 2026

Yeo Beng Yean
No. 03013/10/2026 J
Chartered Accountant

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025		2024	
		General	Company	General	Company
		Takaful Fund RM'000	RM'000	Takaful Fund RM'000	RM'000
ASSETS					
Property, plant and equipment	3	-	21	-	37
Intangible assets	4	-	19,888	-	5,785
Investments	5	3,219,344	5,701,603	3,050,461	5,364,502
Financing receivables	6	-	647	-	826
Retakaful certificate assets	7	489,970	489,970	463,045	463,045
Takaful certificate assets	8	37,889	45,276	40,887	60,178
Other assets	9	29,328	52,152	30,244	51,268
Derivative assets	10	337	1,954	* -	** -
Deferred tax assets	13	-	45,045	-	46,676
Cash and bank balances		112,900	112,905	51,604	51,856
Total Assets		3,889,768	6,469,461	3,636,241	6,044,173
EQUITY AND LIABILITIES					
Equity					
Share capital	11	-	970,001	-	970,001
Reserves	12	-	1,340,627	-	1,147,935
Total Equity		-	2,310,628	-	2,117,936
Liabilities					
Takaful certificate liabilities	8	3,642,810	3,750,006	3,445,577	3,606,596
Retakaful certificate liabilities	7	41,547	41,547	33,733	33,733
Deferred tax liabilities	13	8,257	-	5,748	-
Other liabilities	14	197,154	342,497	151,183	271,942
Current tax liabilities		-	24,783	-	13,966
Total Liabilities		3,889,768	4,158,833	3,636,241	3,926,237
Total Equity and Liabilities		3,889,768	6,469,461	3,636,241	6,044,173

* Representing RM122

** Representing RM190

The accompanying notes form an integral part of the financial statements.

**INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025		2024	
		General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
Takaful revenue	15	2,463,185	2,463,185	2,288,919	2,288,919
Takaful service expenses	16	(2,469,763)	(2,214,658)	(2,286,424)	(2,066,092)
Net expenses from retakaful certificates held	17	(14,445)	(14,445)	(12,242)	(12,242)
Takaful service result		(21,023)	234,082	(9,747)	210,585
Profit income from financial assets not measured at Fair Value through Profit or Loss ("FVTPL")	18	122,675	213,605	118,105	204,593
Net fair value (losses)/gains on financial assets measured at FVTPL	19	(3,953)	(5,522)	22,172	43,657
Net fair value gains on derecognition of financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI")	20	1,045	5,597	760	900
Other investment income	21	173	2,395	811	4,003
(Allowance for)/reversal of impairment losses on financial assets	22	(203)	(408)	393	589
Net foreign exchange losses	23	(829)	(4,179)	(134)	(208)
Net investment income		118,908	211,488	142,107	253,534
Finance expenses from takaful certificates issued	24	(119,461)	(120,127)	(142,466)	(143,121)
Finance income from retakaful certificates held	25	14,445	14,445	12,242	12,242
Takaful financial result		(105,016)	(105,682)	(130,224)	(130,879)
Total net investment income and net Takaful financial results		13,892	105,806	11,883	122,655
Other income/(expenses), net	26	4,593	(2,793)	527	(7,515)
Profit before taxation and zakat attributable to participants		(2,538)	337,095	2,663	325,725
Tax credit/(expenses) attributable to participants	30	2,538	2,538	(2,663)	(2,663)
Profit before taxation and zakat		-	339,633	-	323,062
Tax expense	31	-	(84,980)	-	(76,261)
Zakat		-	(23,805)	-	(22,216)
Net profit for the financial year		-	230,848	-	224,585
Basic and diluted earnings per share (sen):	32		24.79		24.11

The accompanying notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	2025		2024	
	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
Net profit for the financial year	-	230,848	-	224,585
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
	-	12,101	-	5,037
Net fair value gains on investments in debt securities measured at FVOCI	32,864	53,338	13,324	20,092
Net fair value gains on derecognition of financial assets measured at FVOCI	(1,045)	(5,597)	(760)	(900)
Fair value adjustments on FVOCI financial assets backing participants' funds	(24,182)	(24,182)	(9,549)	(9,549)
Tax effects relating to these items	(7,637)	(11,458)	(3,015)	(4,606)
Items that will not be subsequently reclassified to profit or loss:				
	-	(2,851)	-	5,727
Change in fair value of equity securities at FVOCI	(2,475)	(4,914)	7,853	15,389
Fair value adjustments on FVOCI financial assets backing participants' funds	(115)	(115)	(6,438)	(6,438)
Tax effects relating to these items	2,590	2,178	(1,415)	(3,224)
Other comprehensive income for the financial year, net of tax	-	9,250	-	10,764
Total comprehensive income for the financial year, attributable to equity holder of the Company	-	240,098	-	235,349

The accompanying notes form an integral part of the financial statements.

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Non-Distributable			Distributable	Total Equity RM'000
		Share Capital RM'000	FVOCI Reserve RM'000	Takaful Finance Reserve RM'000	Retained Profits RM'000	
At 1 January 2025,		970,001	29,063	(15,290)	1,134,162	2,117,936
Net profit for the financial year		-	-	-	230,848	230,848
Other comprehensive income/(loss) for the financial year		-	33,547	(24,297)	-	9,250
Total comprehensive income/(loss) for the financial year		-	33,547	(24,297)	230,848	240,098
Reclassification upon disposal of equity securities measured at FVOCI		-	(14,926)	8,319	6,607	-
Dividend on ordinary shares	33	-	-	-	(47,406)	(47,406)
At 31 December 2025		970,001	47,684	(31,268)	1,324,211	2,310,628

	Note	Non-Distributable			Distributable	Total Equity RM'000
		Share Capital RM'000	FVOCI Reserve RM'000	Takaful Finance Reserve RM'000	Retained Profits RM'000	
At 1 January 2024		970,001	2,312	697	909,577	1,882,587
Net profit for the financial year		-	-	-	224,585	224,585
Other comprehensive income/(loss) for the financial year		-	26,751	(15,987)	-	10,764
Total comprehensive income/(loss) for the financial year		-	26,751	(15,987)	224,585	235,349
At 31 December 2024		970,001	29,063	(15,290)	1,134,162	2,117,936

The accompanying notes form an integral part of the financial statements.

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation and zakat:		339,633	323,062
<i>Adjustments for:</i>			
Amortisation of:			
- Intangible assets	4	899	624
Net amortisation of premiums	21	8,530	7,220
Depreciation of property, plant and equipment	3	16	34
Fair value losses/(gains) on:			
- Investments	19	17,468	(35,956)
Gains on disposal of:			
- Investments	19, 20	(17,543)	(8,601)
Profit income	18, 21	(214,361)	(205,351)
Dividend income	21	(12,128)	(12,050)
Allowance for/(reversal of impairment losses) on:			
- Investments	22	408	(589)
Losses on foreign exchange:			
- Realised	23	1,116	200
- Unrealised	23	3,063	8
Tax (credit)/expense incurred on behalf of participants	30	(2,538)	2,663
Operating cash flows before working capital changes		124,563	71,264
Changes in working capital:			
(Increase)/decrease in:			
- Deposits with financial institution		299,703	(165,944)
- Retakaful certificate assets		(26,925)	(128,438)
- Takaful certificate assets		14,902	108,237
- Financing receivables		179	(178)
- Other assets		(11,499)	(281)
Increase/(decrease) in:			
- Retakaful certificate liabilities		7,814	(11,183)
- Takaful certificate liabilities		127,431	280,283
- Other liabilities		72,478	38,989
Operating cash flows after working capital changes, carried forward		608,646	192,749

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
(CONTD.)			
Operating cash flows after working capital changes, brought forward		608,646	192,749
Profit income received		212,720	214,331
Gross dividend income received		11,885	12,494
Zakat paid		(25,057)	(13,801)
Taxation paid		(79,944)	(74,312)
Net cash flows generated from operating activities	35	728,250	331,461
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		723,964	215,161
Purchase of:			
- Property, plant and equipment	3	-	(9)
- Intangible assets	4	(15,002)	(4,768)
- Investment		(1,328,757)	(540,141)
Net cash flows used in investing activities	35	(619,795)	(329,757)
CASH FLOWS FROM FINANCING ACTIVITY			
Payment of dividends	33	(47,406)	-
Net cash flows used in financing activity	33	(47,406)	-
Increase in cash and cash equivalents	35	61,049	1,704
Cash and cash equivalents at beginning of financial year	35	51,856	50,152
Cash and cash equivalents at end of financial year	35	112,905	51,856
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's Fund		5	252
General Takaful Fund		112,900	51,604
		112,905	51,856

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

The immediate, penultimate and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad ("MAHB"), Etiqa International Holdings Sdn. Bhd. ("EIHSB") and Malayan Banking Berhad ("Maybank") respectively, all of which are incorporated in Malaysia. Maybank is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is the management of General Takaful business.

There were no significant changes in the nature of the principal activity of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 March 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation and presentation of financial statements

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The accounting policies and presentation adopted by the Company for the financial statements are consistent with those used in the financial year ended 31 December 2024 except for those disclosed in Note 2.3.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") issued by BNM, as at the reporting date.

The Takaful fund is consolidated and amalgamated from the date of control and continue to be consolidated until the date such control ceases which will occur when the Company's license to manage takaful business is withdrawn or surrendered.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.1 Basis of preparation and presentation of financial statements (contd.)

(a) Statement of compliance (contd.)

Takaful operation and its funds

Under the concept of Takaful, individuals make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, as a Takaful Operator, the Company manages the General Takaful fund in line with the principles of Wakalah (agency), which is the main business model adopted by the Company. Under the Wakalah model, the Takaful Operator is not a participant in the fund but manages the funds (including the relevant assets and liabilities) towards the purpose outlined above.

In accordance with the Islamic Financial Services Act 2013 ("IFSA"), the assets and liabilities of the Takaful fund are segregated from those of the Takaful Operator: a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements*, the assets, liabilities, income and expenses of the Takaful fund are consolidated with those of the Takaful Operator to represent the control possessed by the operator over the respective funds.

(b) Basis of measurement

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of material accounting policy information.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000) unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS Accounting Standards and IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.1 Basis of preparation and presentation of financial statements (contd.)

(d) Use of estimates and judgements (contd.)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Estimates of future cash flows

In estimating the future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a certificate are those that relate directly to the fulfilment of the certificate, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) participants, Takaful acquisition cash flows and other costs that are incurred in fulfilling certificates. Takaful acquisition cash flows and other costs that are incurred in fulfilling certificates comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total contributions, number of certificates or number of claims.

(ii) Discount rates

For General Takaful business, Takaful certificates liabilities are calculated by using risk-free discount rates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.1 Basis of preparation and presentation of financial statements (contd.)

(d) Use of estimates and judgements (contd.)

(ii) Discount rates (contd.)

Discount rates applied for discounting of future cash flows are listed below:

	Portfolio duration										
	1 year		3 year		5 year		10 year		15 year		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	
Takaful certificates issued											
Ringgit Malaysia	2.88%	3.28%	3.14%	3.47%	3.29%	3.68%	3.58%	3.87%	3.83%	4.05%	
Retakaful certificates held											
Ringgit Malaysia	2.88%	3.28%	3.14%	3.47%	3.29%	3.68%	3.58%	3.87%	3.83%	4.05%	

(iii) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its Takaful and retakaful certificates.

Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of BNM under the RBCT Framework for Takaful Operator.

(iv) Takaful and retakaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 2.1(d)(i) to Note 2.1(d)(iii). The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.1 Basis of preparation and presentation of financial statements (contd.)

(d) Use of estimates and judgements (contd.)

(iv) Takaful and retakaful certificates (contd.)

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose General Takaful certificates issued and retakaful certificates held separately. This disaggregation has been determined based on how the company is managed.

(v) Impairment losses on financial assets, as referred in Note 2.2(v).

2.2 Summary of material accounting policies information

(i) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment are recognised as an asset, if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Work-in-progress are not depreciated as these assets are not available for use. When work-in-progress is completed and the asset is available for use, it is reclassified to the relevant category of property, plant and equipment and depreciation of the asset begins.

Depreciation on property, plant and equipment is computed on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(i) Property, plant and equipment and depreciation (contd.)

Furniture, fittings, office equipment and renovations	11% - 25%
Computer and peripherals	14% - 25%

The residual values, useful lives and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(ii) Intangible assets

Intangible assets include software development costs, computer software and licences. Intangible assets acquired separately are measured on initial recognition at fair value. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and are assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at least at each reporting date.

Amortisation is charged to profit or loss. Work-in-progress are also not amortised as these assets are not available for use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the indefinite useful life assessment continues to be supportable.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ii) Intangible assets (contd.)

(a) Software development costs

Software development costs are tested for impairment annually and represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. During the period in which the asset is not yet in use, it is tested for impairment annually.

(b) Computer software and licences

Computer software and licences are initially stated at cost. Following initial recognition, the assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

Subsequently, expenditure in relation to computer software and licences are capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in profit or loss as incurred.

Impairment is assessed whenever there is indication of impairment. The amortisation period and method are also reviewed at least at each reporting date.

These assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(c) Amortisation period

The Company's intangible assets are amortised on a straight-line basis over their estimated useful lives.

	Useful lives
Computer software and licences	10 years

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

(a) Initial and subsequent measurement

Financial assets are classified at initial recognition as at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition depending on the business model for managing the financial assets and the contractual cash flows characteristics as below:

(i) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support Takaful certificate liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company does not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(i) Business model assessment (contd.)

- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stressed case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Change in business model is not expected to be frequent; but should such event take place, it must be:

- i) Determined by the Company's senior management as a result of external or internal changes;
- ii) Significant to the Company's operations; and
- iii) Demonstrable to external parties.

A change in the Company's business model will occur only when the Company begin or cease to perform an activity that is significant to its operations. A change in the objective of the business model must be effected before the reclassification date.

(ii) The Solely Payments of Principal and Interest ("SPPI") test

As a second step of its classification process, the Company assesses the contractual terms to identify whether they meet the SPPI test.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(ii) The Solely Payments of Principal and Interest ("SPPI") test (contd.)

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

(iii) Classification of financial assets

The categories include financial assets at FVTPL, FVOCI and AC.

(a) Financial assets at FVTPL

Financial assets in this category are those financial assets that are held for trading or financial assets that qualify for neither held at AC nor at FVOCI. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include exchange differences, profit and dividend income. Exchange differences, profit and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(b) Financial assets at FVOCI

Financial assets in this category are those financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and profit.

(i) Financial assets at FVOCI (debt instruments)

Financial assets at FVOCI for debt instruments are measured at fair value. Exchange differences, profit and dividend income on financial assets at FVOCI are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Other net gains and losses are recognised in other comprehensive income and accumulated in the FVOCI reserve. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

(ii) Financial assets at FVOCI (equity instruments)

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Company can elect to classify at FVOCI when they meet the definition and are not held for trading. The classification is determined on an instrument-by-instrument (i.e. share-by-share) basis. Amounts presented in other comprehensive income are not subsequently reclassified to profit or loss. Upon disposal of the investment, the cumulative fair value gains or losses recognised in other comprehensive income are transferred within equity to a non-distributable reserve. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(c) Financial assets at AC

Financial assets in this category are those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and profit.

Subsequent to initial recognition, financial assets at AC are measured at amortised cost using the effective profit method. Exchange differences, profit and dividend income on financial assets at AC are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. On derecognition, any gains or losses are recognised in profit or loss.

(b) Derecognition of financial assets

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company has transferred substantially all the risks and rewards of the financial asset.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

(c) Write off of financial assets

An estimate is made for doubtful debts based on a review of all outstanding balances as at reporting date. Any financial assets which are unlikely to realise their values as shown in the accounting records in the ordinary course of business will be written down to an amount which they may be expected so to realise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(c) Write off of financial assets (contd.)

There is no amount written off for bad debts in the financial statements of the Company for the financial year 2025.

(iv) Fair value of financial assets

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market prices for assets at the close of business at the reporting date.

For financial assets in both quoted and unquoted unit and real estate investment trusts, fair value is determined by reference to published prices. For investments in unquoted equity instruments that do not have quoted market price in an active market, the fair values are measured based on the net asset method by referencing to the annual financial statements of the entity that the Company invested in.

For non-exchange traded financial assets such as unquoted fixed income securities, fair values are determined based on over-the-counter quotes at the reporting date. These are based on market observable inputs such as benchmark market rates of profit, reported trades and broker-dealer quotes available for these investments.

Over-the-counter derivatives comprise of foreign exchange forward contracts, currency swap contracts and options. Over-the-counter derivatives are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions.

The fair value of floating rate and over-night deposits with financial institutions is their carrying value which is the cost of the deposit/placement.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instruments or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment, except in the case of financial assets at FVTPL where the transaction costs are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Impairment

(a) Financial assets

The Company assesses the impairment of financial assets based on an Expected Credit Loss ("ECL") model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments, financial guarantee contracts, which will include loans, advances, financing, takaful receivables, debts instruments and deposits held by the Company. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*.

ECL would be recognised from the point at which the financial assets are originated or purchased. A 12-months ECL must be recognised initially for all assets subject to impairment.

The measurement of expected loss will involve increased complexity and judgement that include:

(i) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Company will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Impairment (contd.)

(a) Financial assets (contd.)

(i) Determining a significant increase in credit risk since initial recognition (contd.)

3 Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

(ii) Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward-looking adjustment is interpreted as an adjustment for the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement.

Financing receivables

The Company calculates ECL by incorporating forward-looking information through three macroeconomic scenarios - Base, Upside and Downside. These scenarios collectively represent an unbiased, probability-weighted range of potential economic outcomes:

- Base Scenario : Assumes the continuation of current macroeconomic conditions.
- Upside and Downside Scenarios : Represent optimistic and pessimistic economic projections relative to the Base Scenario, determined through expert judgment and comprehensive analysis.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Impairment (contd.)

(a) Financial assets (contd.)

(ii) Forward-looking information and ECL measurement (contd.)

The forward-looking ECL assessment integrates specific macroeconomic variables selected based on historical data from the Company's takaful receivables portfolio. For the Corporate Portfolio, these variables include Crude Oil Price, Producer Price Growth and Real GDP Growth. For the Retail Portfolio, these variables include Real GDP Growth, Unemployment Rate and Real Personal Disposable Income Growth.

The ECL estimate involves comprehensive evaluations of current and forecasted Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and relevant discount factors, adjusted to incorporate expert judgment and anticipated macroeconomic conditions.

Financial assets at FVOCI and AC

In accordance to the three-stage approach, all newly purchased financial assets shall be classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is Significant Increase In Credit Risk ("SICR"), and Stage 2 to Stage 3 when there is an objective evidence of impairment. Financial assets which have experienced a SICR since initial recognition are classified as Stage 2, and are assigned a lifetime ECL.

Financial assets which have not experienced a SICR since initial recognition are classified as Stage 1, and assigned a 12-month ECL. All financial assets are assessed for objective evidence of impairment except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Local federal governments and local central banks issued bonds, Treasury Bills and Notes. These are assessed to have low credit risk on the basis that both federal government and central bank have strong capacity in repaying the instruments upon maturity. In addition, there is no past historical loss experiences arising from these government securities in all jurisdiction.

The macroeconomic factors used for the forecast are GDP Growth, Unemployment Rate, Equity Index, Energy Index, Non-Energy Index and Proportion of Rating Downgrade.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Impairment (contd.)

(b) Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying value of an asset exceeds its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount nor does it exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(vi) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. During the financial year and as at the reporting date, the Company did not classify any of its financial liabilities at FVTPL.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vi) Financial liabilities (contd.)

The Company's other financial liabilities include other payables.

(1) Other payables

Other payables (i.e amount due to) are subsequently measured at amortised cost using the effective profit method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (i.e. the present value of the cash flows under the new financing (including any fees paid) has a variance of 10% or more as compared to the present value of the remaining cash flows of the existing financing), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(vii) Takaful certificates and retakaful certificates classification

Takaful certificates

The Company issues certificates that contain Takaful risk or both Takaful risk and financial risk.

Financial risk is the risk of a possible future change in one or more of a specified profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the certificates. Takaful risk is risk other than financial risk.

A Takaful certificate is a certificate under which an entity has accepted significant Takaful risk from another party (the participants) by agreeing to compensate the participant if a specified uncertain future event (the covered event) adversely affects the participant. As a general guideline, the Company defines whether significant Takaful risk has been accepted by comparing benefits paid or payable on the occurrence of a covered event against benefits paid or payable if the covered event had not occurred. If the ratio of the former exceeds the latter by 5% or more, the Takaful risk accepted is deemed to be significant.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Takaful certificates and retakaful certificates classification (contd.)

The Company also cedes Takaful risk in the normal course of its business. Ceded retakaful arrangements do not relieve the Company from its obligations to participants. For both ceded and assumed retakaful, contributions, claims and benefits paid or payable are presented on a gross basis.

Retakaful certificates

Retakaful arrangements, entered into by the Company, that meet the classification requirements of Takaful certificates as described above are accounted for as noted below. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Retakaful assets represent amounts recoverable from retakaful operators for Takaful certificates liabilities which have yet to be settled at the reporting date. Amounts recoverable from retakaful operators are measured consistently with the amounts associated with the underlying Takaful certificates and the terms of the relevant retakaful arrangement.

At each reporting date, or more frequently, the Company assesses whether objective evidence exists that retakaful assets are impaired. The impairment loss is recognised in profit or loss.

Retakaful assets are derecognised when the contractual rights are extinguished or expired or when the certificate is transferred to another party.

(viii) Takaful certificates and retakaful certificates accounting treatment

(a) Separating components from Takaful certificates and retakaful certificates

The Company assesses its Takaful and inwards retakaful certificates to determine whether they contain distinct components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) Takaful certificates. Currently, the Company's products do not include distinct components that require separation.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(b) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise group of certificates with similar risks which are managed together. In determining the level of aggregation, the Company identifies a group of certificates as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single certificate contains components that need to be separated and treated as if they were stand-alone certificates. As such, what is treated as certificates for accounting purposes may differ from what is considered as certificates for other purposes (i.e. legal or management). For retakaful certificates held, the basis depends on the type of retakaful arrangement. There is no group for level of aggregation purposes that contain certificates issued more than one year apart except those as highlighted in Note 2.2(viii)(f).

The Company has defined portfolios of Takaful certificates issued and retakaful certificates held based on its product lines due to the fact that the products are subject to similar risks and managed together.

In determining group of certificates, the Company has elected to include in the same group of certificates where its ability to set prices or levels of benefits for participants with different characteristics is constrained by regulation.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of Takaful certificates are divided into:

- Groups of certificates that are onerous at initial recognition;
- Groups of certificates that at initial recognition have no significant possibility of becoming onerous subsequently; and
- Groups of the remaining certificates in the portfolio.

The retakaful certificates held portfolios are divided into:

- Groups of certificates on which there are net gains on initial recognition;
- Groups of certificates that have no significant possibility of a net gain arising subsequent to initial recognition; and
- Groups of the remaining certificates in the portfolio.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(c) Recognition

The Company recognises groups of Takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of certificates;
- The date when the first payment from a participants is due, or when the first payment is received if there is no due date; and
- For a group of onerous certificates, as soon as facts and circumstances indicate that the group of certificate is onerous.

The Company recognises a group of retakaful certificates held at:

- The beginning of the coverage period of the group of retakaful certificates held. However, the Company delays the recognition of a group of retakaful certificates held that provide proportionate coverage until the date when any underlying Takaful certificate is initially recognised, if that date is later than beginning of the coverage period of the group of retakaful certificates held; and
- The date the Company recognises an onerous group of underlying Takaful certificates if the Company entered into the related retakaful certificates held at or before that date.

A group of retakaful certificates held that covers aggregate losses from underlying certificates in excess of a specified amount (non-proportionate retakaful certificates, such as excess of loss retakaful) is recognised at the beginning of the coverage period of that group.

The Company adds new Takaful certificates to the group in the reporting period in which the certificates meet one of the criteria set out above.

Only Takaful certificates that meet the recognition criteria by the end of the reporting period are included in the groups. When certificates meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(d) Onerous groups of certificates

The Company assumes no certificates in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

The Company's assessment of the facts and circumstances of onerousness leverages on:

- (i) the Expected Ultimate Combined Ratio (consists of losses, expenses and risk adjustment) available from the valuation, pricing or underwriting exercise when appropriate.
- (ii) information within the Company about certificates known or apparent to be onerous (e.g., based on the intention of the initial product approval process for market entry or marketing purposes).

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly as disclosed in Note 2.2 (viii)(k)(ii).

(e) Certificate boundary

The Company includes in the measurement of a group of Takaful certificates all the future cash flows within the boundary of each certificate in the group. Cash flows are within the boundary of Takaful certificates if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contributions, or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - (i) The Company has the practical ability to reassess the risks of the portfolio of Takaful certificates that contain the certificate and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - (ii) The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(e) Certificate boundary (contd.)

A liability or asset relating to expected contribution or claims outside the boundary of the Takaful certificates are not recognised. Such amounts relate to future Takaful certificates.

(f) Measurement - Takaful certificates

Certificates measured under the Premium Allocation approach ("PAA")

Initial measurement

The Company may apply the PAA to the Takaful certificates that it issues and retakaful certificates that it holds, provided that:

- The coverage period of each certificate in the group is one year or less, including coverage arising from all contributions within the certificate boundary in Note 2.2(viii)(e); or
- For certificates longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those certificates under the PAA does not differ materially from the measurement that would be produced by applying the general model. PAA eligibility is assessed at the inception of the group of certificates and does not need to be reassessed at subsequent measurement.

For certificates with certificate boundary of 12 months or less, the following simplifications apply:

- The Company shall assume that no certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise; and
- While the Company can further subdivide groups of certificates if this is consistent with internal management and reporting purposes, this policy does not require any further subdivision.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(f) Measurement - Takaful certificates (contd.)

Certificates measured under the Premium Allocation approach ("PAA") (contd.)

Initial measurement (contd.)

The Company have performed an eligibility assessment, and it was concluded that they qualify for PAA since there was no material difference in the measurement of the liability for remaining coverage between PAA and the general measurement model for certificates longer than 1 year.

Where facts and circumstances indicate that certificates are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the certificate. Such onerous certificates are separately grouped from other certificates and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group of certificates being equal to the fulfilment cash flows ("FCF"). A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 2.2(viii)(k)(ii).

Subsequent measurement

For a group of certificates that apply the PAA, the Company measures the liability for remaining coverage as:

- The contributions, if any, received at initial recognition;
- Minus any Takaful acquisition cash flows at that date, unless if the payments are recognised as an expense; and
- Plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for Takaful acquisition cash flows.

The Company estimates the liability for incurred claims ("LIC") as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(f) Measurement - Takaful certificates (contd.)

Certificates measured under the Premium Allocation approach ("PAA") (contd.)

Subsequent measurement (contd.)

Where, during the coverage period, a group of Takaful certificates becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Takaful acquisition cash flows are allocated on a straight-line basis as a portion of contribution to profit or loss (through Takaful revenue).

For the determination of discount rates used, please refer to Note 2.1(d)(ii).

(g) Measurement - Retakaful certificates

Initial measurement

The Company measures its retakaful assets for a group of retakaful certificates that it holds on the same basis as Takaful certificates that it issues. However, they are adapted to reflect the features of retakaful certificates held that differ from Takaful certificates issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying Takaful certificates or when further onerous underlying Takaful certificates are added to a group, it establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying Takaful certificates and the percentage of claims on the underlying Takaful certificates the Company expects to recover from the group of retakaful certificates held. Where only some certificates in the onerous underlying group are covered by the group of retakaful certificates held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of Takaful certificates to Takaful certificates covered by the group of retakaful certificates held.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(g) Measurement - Retakaful certificates (contd.)

Initial measurement (contd.)

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Company enters into retakaful certificates held which provide coverage relating to events that occurred before the purchase of the retakaful, such cost of retakaful is recognised in profit or loss on initial recognition.

Subsequent measurement

General Takaful

The subsequent measurement of retakaful certificates held follows the same principles as those for Takaful certificates issued and has been adapted to reflect the specific features of retakaful held.

Any change in the fulfilment cash flows of a group of retroactive retakaful certificates held due to the changes of the liability for incurred claims of the underlying certificates is taken to profit or loss of the retakaful certificate held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying Takaful certificates, the portion of income that has been recognised from related retakaful certificates held is disclosed as a loss-recovery component.

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying Takaful certificates.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of certificates issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of retakaful certificates held.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(h) Takaful receivables and payables

The liability for remaining coverage disclosed under Takaful certificates liabilities are including Takaful receivables and payables.

i) Liability for remaining coverage - Takaful receivables

Takaful receivables are recognised when due and measured on initial recognition at the fair value of the consideration to be received. The carrying value of contributions due and uncollected is reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss.

Takaful receivables are derecognised following the derecognition criteria for financial instruments.

The impairment on Takaful receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the Takaful and retakaful receivables are grouped based on different sales channel and different retakaful contribution type's arrangement respectively. The impairment is calculated on the total outstanding balance including all ageing buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the ageing bucket which forms the base of the roll rate. Forward-looking information has been included in the calculation of ECL.

ii) Liability for remaining coverage - Takaful payables

Takaful payables are recognised when due and measured on initial recognition at fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(i) Takaful certificates – modification and derecognition

The Company derecognises Takaful certificates when:

- The rights and obligations relating to the certificates are extinguished (i.e., discharged, cancelled or expired); or
- The certificate is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the certificate. In such cases, the Company derecognises the initial certificate and recognises the modified certificate as a new certificate.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the certificates as an adjustment to the relevant liability for remaining coverage.

(j) Takaful acquisition cash flows

Takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of Takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of Takaful certificates to which the group belongs.

The Company uses a systematic and rational method to allocate:

- (a) Takaful acquisition cash flows that are directly attributable to a group of Takaful certificates:
- to that group; and
 - to groups that include Takaful certificates that are expected to arise from the renewals of the Takaful certificates in that group.
- (b) Takaful acquisition cash flows directly attributable to a portfolio of Takaful certificates that are not directly attributable to a group of certificates, to groups in the portfolio.

Where Takaful acquisition cash flows have been paid or incurred before the related group of Takaful certificates is recognised in the statement of financial position, a separate asset for Takaful acquisition cash flows is recognised for each related group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(j) Takaful acquisition cash flows (contd.)

The asset for Takaful acquisition cash flow is derecognised from the statement of financial position when the Takaful acquisition cash flows are included in the initial measurement of the liability of remaining coverage of the related group of takaful certificates. The Company expects to derecognise all assets for Takaful acquisition cash flows within Takaful coverage period.

At the end of each reporting period, the Company revises amounts of Takaful acquisition cash flows allocated to groups of Takaful certificates not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for Takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of Takaful certificates; and
- An additional impairment test specifically covering the Takaful acquisition cash flows allocated to expected future certificate renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

(k) Presentation

The Company has presented separately in the statement of financial position the carrying amount of groups of Takaful certificates issued that are assets, groups of Takaful certificates issued that are liabilities, retakaful certificates held that are assets and groups of retakaful certificates held that are liabilities.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(k) Presentation (contd.)

Any assets or liabilities for Takaful acquisition cash flows recognised before the corresponding Takaful certificates are included in the carrying amount of the related groups of Takaful certificates issued.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the Takaful service result.

The Company separately presents income or expenses from retakaful certificates held from the expenses or income from Takaful certificates issued.

(i) Takaful revenue

Certificates measured under PAA

The Takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Company allocates the expected contribution receipts to each period of Takaful certificates services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred Takaful service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(k) Presentation (contd.)

(ii) Loss components

The Company has grouped certificates that are onerous at initial recognition separately from certificates in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous Takaful certificates (or certificates profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

- (i) the loss component; and
- (ii) the liability for remaining coverage excluding the loss component.

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of certificates (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

(iii) Loss-recovery components

When the Company recognises a loss on initial recognition of an onerous group of underlying Takaful certificates or when further onerous underlying Takaful certificates are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the recovery of losses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(k) Presentation (contd.)

(iii) Loss-recovery components (contd.)

Where a loss component has been set up subsequent to initial recognition of a group of underlying Takaful certificates, the portion of income that has been recognised from related retakaful certificates held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying Takaful certificates.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying Takaful contracts that the Company expects to recover from the group of retakaful certificates held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying Takaful certificates and is nil when loss component of the onerous group of underlying Takaful certificates is nil.

(iv) Net income or expense from retakaful certificates held

The Company presents the net amounts of income or expense expected to be recovered from/paid to retakaful operators on the face of the statement of profit or loss and other comprehensive income.

The Company treats retakaful cash flows that are contingent on claims on the underlying certificates as part of the claims that are expected to be reimbursed under the retakaful certificate held, and excludes investment components and commissions from an allocation of retakaful contributions presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to retakaful of onerous direct certificates are included as amounts recoverable from the retakaful operators.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(k) Presentation (contd.)

(v) Takaful finance income and expenses

Takaful finance income or expenses comprise the change in the carrying amount of the group of Takaful certificates arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company defines the General Takaful Fund as an underlying item. Hence, changes in measurement of a group of takaful certificates caused by changes in the value of the General Takaful Fund are reflected in takaful finance income or expenses.

For certificates measured under the PAA, the main amounts within Takaful finance income or expenses are:

- profit accreted on the LIC; and
- the effect of changes in profit rates and other financial assumptions.

(vi) Takaful Finance Reserve ("TFR")

The TFR comprises cumulative OCI amounts and measurement differences attributable to the Participants' Risk Fund ("PRF"). These balances arise from items such as:

- fair value changes on FVOCI instruments backing participants' funds,
- takaful finance income/expense relating to participants' funds, and
- transfers within equity upon derecognition of financial assets attributable to participants.

As these amounts do not belong to Shareholders under the requirements of IFSA 2013, the TFR is non-distributable and presented separately from Shareholder reserves.

(ix) Revenue recognition

Revenue from contracts with customers

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when/as the Company's control of the goods or services is transferred to the customer.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Revenue recognition (contd.)

Revenue from contracts with customers (contd.)

Control can be defined as the ability to direct the use of an asset and to obtain substantially all of the remaining benefits from the asset. Control also includes the ability to prevent another entity from directing the use of and obtaining the benefits from an asset. For each separate performance obligation, the Company will need to determine whether the performance obligation is satisfied by transferring the control of goods or services over time. If the performance obligation is not satisfied over time, then it is satisfied at a point in time.

When/as a performance obligation is satisfied, the Company shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained, that is allocated to that performance obligation).

Other revenue

(a) Profit income

Profit income is recognised using the effective profit yield method over the term of the underlying investments.

(b) Dividend income

Dividend income is recognised at a point in time when the Company's right to receive payment is established.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(x) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and Social Security Contributions ("SOCSO") are recognised as an expense in profit or loss the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as an expenses in profit or loss when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised as an expense in profit or loss when the absences occur.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Employee benefits (contd.)

(b) Long-term employee benefits

Long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which employees render the related services.

The cost of long-term employee benefits is accrued to match the services rendered by employees of the Company using the recognition and measurement bases similar to that for defined contribution plans disclosed in Note 2.2(x)(c), except that the remeasurements of the net defined contribution liability or asset are recognised immediately in profit or loss.

(c) Defined contribution plans

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss when incurred.

(d) Share-based compensation

(1) Employees' Share Grant Plan ("ESGP Shares")

The ESGP Shares is awarded to eligible Executive Directors and employees of participating companies within the Maybank Group (excluding dormant subsidiaries). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of the NRC.

The total fair value of ESGP Shares granted to eligible employees is recognised as an employee cost with a corresponding increase in amount due to Maybank. The fair value of ESGP Shares is measured at grant date, taking into account, the market and non-market vesting conditions upon which the ESGP Shares were granted. Upon vesting of ESGP Shares, Maybank will recognise the impact of the actual numbers of ESGP Shares vested as compared to original estimates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Employee benefits (contd.)

(d) Share-based compensation (contd.)

(2) Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")

The CESGP is awarded to the eligible Executive Directors and employees of participating companies within the Maybank Group, subject to achievement of performance criteria set out by the Board of Directors and prevailing market practices in the respective countries. Upon vesting, the cash amount equivalent to the value of the Maybank Reference Shares will be transferred to the eligible employees.

The total fair value of CESGP granted to eligible employees is recognised as an employee cost, with a corresponding increase in Maybank's liability over the vesting period and taking into account the probability that the CESGP will vest. The fair value of CESGP is measured at grant date, taking into account, the market and non-market vesting conditions upon which the CESGP were granted. Upon vesting of CESGP, Maybank will recognise the impact of the actual numbers of CESGP vested as compared to original estimates.

(xi) Foreign currencies

(a) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xi) Foreign currencies (contd.)

(b) Foreign currency transactions and balances (contd.)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(xii) Zakat

This represent business zakat payable by the Company in compliance with Shariah principles and as approved by the Company's Shariah Committee. Zakat provision is calculated based on the working capital method at 2.5%.

(xiii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or a group of people that is responsible to allocate resources and assess the performances of the operating segments of an entity. The Company have determined the Chief Executive Officer as its chief operating decision-maker.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xiii) Segment reporting (contd.)

All transactions between business segments (Intra-segment revenue and costs) are eliminated at Group level. Income and expenses directly associated with each business segment are included in determining business segment performance.

The Company disclosed its segment information by funds on the face of the financial statements.

2.3 New and amended standards and interpretations

On 1 January 2025, the Company adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2025:

	Effective for annual periods beginning on or after
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i> (Amendments to MFRS 121) <i>Lack of Exchangeability</i>	1 January 2025

Other than above, the adoption of the above Amendments to MFRSs did not have any significant financial impact to the Company's financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.4 Standards and annual improvements to standards issued but not yet effective.

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board (“MASB”), but which are not yet effective, up to the date of issuance of the Company’s financial statements. The Company intends to adopt these Standards and Amendments to Standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments that are part of Annual Improvements - Volume 11: Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2026
Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2026
Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2026
Amendments to MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2026
Amendments to MFRS 107 <i>Statement of Cash Flows</i>	1 January 2026
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>)	1 January 2027

The adoption of the above pronouncements are not expected to have a significant impact on the Company, except for MFRS 18 which the Company is in the process of assessing the financial impact of this Standard on its financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

General Takaful Fund

	Furniture, fittings, office equipment and renovations RM'000
2025/2024	
Cost	
At 1 January/At 31 December	<u>23</u>
Accumulated depreciation	
At 1 January/At 31 December	<u>23</u>
Net Book Value	
At 31 December 2025/2024	<u>-</u>

Company

	Computers and peripherals RM'000	Furniture, fittings, office equipment and renovations RM'000	Total RM'000
2025			
Cost			
At 1 January/At 31 December	<u>141</u>	<u>31</u>	<u>172</u>
Accumulated depreciation			
At 1 January 2025	111	24	135
Depreciation charge for the financial year (Note 27)	<u>15</u>	<u>1</u>	<u>16</u>
At 31 December 2025	<u>126</u>	<u>25</u>	<u>151</u>
Net Book Value			
At 31 December 2025	<u>15</u>	<u>6</u>	<u>21</u>

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

	Computers and peripherals RM'000	Furniture, fittings, office equipment and renovations RM'000	Total RM'000
2024			
Cost			
At 1 January 2024	134	29	163
Additions	7	2	9
At 31 December 2024	141	31	172
Accumulated depreciation			
At 1 January 2024	78	23	101
Depreciation charge for the financial year (Note 27)	33	1	34
At 31 December 2024	111	24	135
Net Book Value			
At 31 December 2024	30	7	37

4. INTANGIBLE ASSETS

Company

	Software development costs RM'000	Computer software and licences RM'000	Total RM'000
2025			
Cost			
At 1 January 2025	5,970	3,903	9,873
Additions	14,942	60	15,002
At 31 December 2025	<u>20,912</u>	<u>3,963</u>	<u>24,875</u>
Accumulated amortisation			
At 1 January 2025	841	3,247	4,088
Amortisation charge for the financial year (Note 27)	807	92	899
At 31 December 2025	<u>1,648</u>	<u>3,339</u>	<u>4,987</u>
Net Book Value			
At 31 December 2025	<u>19,264</u>	<u>624</u>	<u>19,888</u>
2024			
Cost			
At 1 January 2024	1,666	3,439	5,105
Additions	4,304	464	4,768
At 31 December 2024	<u>5,970</u>	<u>3,903</u>	<u>9,873</u>
Accumulated amortisation			
At 1 January 2024	311	3,153	3,464
Amortisation charge for the financial year (Note 27)	530	94	624
At 31 December 2024	<u>841</u>	<u>3,247</u>	<u>4,088</u>
Net Book Value			
At 31 December 2024	<u>5,129</u>	<u>656</u>	<u>5,785</u>

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5. INVESTMENTS

	General Takaful Fund RM'000	Company RM'000
2025		
Malaysian government papers	21,326	62,741
Debt securities	2,423,496	4,072,152
Equity securities	198,953	412,650
Property trust fund	120	254
Negotiable Islamic certificate of deposit ("NICD")	114,399	114,399
Deposits with financial institutions	461,050	1,039,407
	<u>3,219,344</u>	<u>5,701,603</u>
2024		
Malaysian government papers	92,754	186,743
Debt securities	2,102,435	3,474,973
Equity securities	180,904	363,676
Deposits with financial institutions	674,368	1,339,110
	<u>3,050,461</u>	<u>5,364,502</u>

The Company's financial investments are summarised by categories as follows:

	General Takaful Fund RM'000	Company RM'000
2025		
Fair value through profit or loss ("FVTPL") (Note i)		
- Designated upon initial recognition	13,210	13,210
- Held for trading ("HFT")	169,621	349,531
	<u>182,831</u>	<u>362,741</u>
Fair value through other comprehensive income ("FVOCI") (Note ii)	2,575,463	4,299,455
Amortised cost ("AC") (Note iii)	461,050	1,039,407
	<u>3,219,344</u>	<u>5,701,603</u>
2024		
Fair value through profit or loss ("FVTPL") (Note i)		
- Designated upon initial recognition	13,369	13,369
- Held for trading ("HFT")	139,318	272,222
	<u>152,687</u>	<u>285,591</u>
Fair value through other comprehensive income ("FVOCI") (Note ii)	2,223,406	3,739,801
Amortised cost ("AC") (Note iii)	674,368	1,339,110
	<u>3,050,461</u>	<u>5,364,502</u>

5. INVESTMENTS (CONTD.)

Of which, the following investments will mature after 12 months:

	General Takaful Fund RM'000	Company RM'000
2025		
FVTPL		
- Designated upon initial recognition	3,165	3,165
FVOCI	2,326,842	3,914,126
	<u>2,330,007</u>	<u>3,917,291</u>

2024		
FVTPL		
- Designated upon initial recognition	10,184	10,184
FVOCI	2,126,586	3,543,042
	<u>2,136,770</u>	<u>3,553,226</u>

(i) FVTPL

	General Takaful Fund RM'000	Company RM'000
(a) Designated upon initial recognition		
2025		
<u>At fair value:</u>		
Debt securities:		
Unquoted in Malaysia	13,210	13,210
Total financial assets designated as FVTPL upon initial recognition	<u>13,210</u>	<u>13,210</u>
2024		
<u>At fair value:</u>		
Debt securities:		
Unquoted in Malaysia	13,369	13,369
Total financial assets designated as FVTPL upon initial recognition	<u>13,369</u>	<u>13,369</u>

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5. INVESTMENTS (CONTD.)

(i) FVTPL (CONTD.)

	General Takaful Fund RM'000	Company RM'000
(b) HFT		
2025		
<u>At fair value:</u>		
Equity securities:		
Quoted in Malaysia	159,630	329,815
Quoted outside Malaysia	9,871	19,462
Property trust funds:		
Quoted in Malaysia	120	254
Total HFT financial assets	169,621	349,531
2024		
<u>At fair value:</u>		
Equity securities:		
Quoted in Malaysia	137,575	269,572
Quoted outside Malaysia	1,743	2,650
Total HFT financial assets	139,318	272,222

(ii) FVOCI

	General Takaful Fund RM'000	Company RM'000
2025		
<u>At fair value:</u>		
Malaysian government papers		
	21,326	62,741
Debt securities:		
Unquoted in Malaysia	2,402,169	3,994,788
Unquoted outside Malaysia	8,117	64,154
Equity securities:		
Quoted in Malaysia	29,452	63,373
NICD	114,399	114,399
Total FVOCI financial assets	2,575,463	4,299,455
2024		
<u>At fair value:</u>		
Malaysian government papers		
	92,754	186,743
Debt securities:		
Unquoted in Malaysia	2,089,066	3,461,604
Equity securities:		
Quoted in Malaysia	41,586	91,454
Total FVOCI financial assets	2,223,406	3,739,801

5. INVESTMENTS (CONTD.)

(ii) FVOCI (CONTD.)

During the year, the Company has disposed selected equity securities from its portfolio of FVOCI financial assets as the securities no longer aligned with the long term investment strategies of the Company as high dividend yielding stocks. The total fair value on the date of sales (gross of tax) are RM17,672,000 and realised gains recognised on disposal of these securities amounted to RM10,007,000.

(iii) AC

	General Takaful Fund RM'000	Company RM'000
2025		
Islamic investment accounts with:		
Licenced financial institutions	220,671	528,480
Other licenced financial institutions	240,379	510,927
Total AC financial assets	<u>461,050</u>	<u>1,039,407</u>
2024		
Islamic investment accounts with:		
Licenced financial institutions	351,854	810,440
Other licenced financial institutions	322,514	528,670
Total AC financial assets	<u>674,368</u>	<u>1,339,110</u>

The carrying amounts of financial assets classified as AC are reasonable approximations of fair values due to the short-term maturity of the financial assets.

Fair Value of Investments

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 43(c) to the financial statements.

6. FINANCING RECEIVABLES

Company

	2025 RM'000	2024 RM'000
Staff financing - secured	<u>647</u>	<u>826</u>
Receivable after 12 months	<u>489</u>	<u>613</u>

The carrying amount of financing receivables approximates fair value as these financing receivables are issued at profit rates that are comparable to instruments in the market with similar characteristics and risk profiles and, accordingly, the impact of discounting thereon is not material.

The profit rate during the financial year was 0.79% (2024: 1.19%).

7. RETAKAFUL CERTIFICATE ASSETS/LIABILITIES

Composition of Statement of Financial Position

The breakdown of groups of retakaful certificates held, that are in asset and those in a liability positions are set out in the table below:

	2025			2024		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Retakaful certificates held						
General Takaful Fund/Company						
Motor	59,522	-	59,522	53,317	-	53,317
Fire	111,626	-	111,626	110,340	-	110,340
Marine, Aviation, Cargo and Transit	13,832	(22,120)	(8,288)	3,565	(19,660)	(16,095)
Miscellaneous	304,990	(19,427)	285,563	295,823	(14,073)	281,750
Total retakaful certificates held	489,970	(41,547)	448,423	463,045	(33,733)	429,312

7. RETAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at Premium Allocation Approach ("PAA") (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below: (contd.)

2024

	Note	AIC for certificates under PAA			Total RM'000
		ARC RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	
General Takaful Fund/Company					
Retakaful certificate assets as at 1 January		85,806	239,612	9,189	334,607
Retakaful certificate liabilities as at 1 January		(22,001)	(24,355)	1,440	(44,916)
Net balances as at 1 January		63,805	215,257	10,629	289,691
Allocation of retakaful contributions					
Amounts relating to the changes in the asset for remaining coverage	17	(317,003)	-	-	(317,003)
Amounts recoverable from retakaful operators					
Amounts recoverable for incurred claims and other expenses*		-	295,829	15,696	311,525
Changes that relate to past services - adjustment to AIC*		-	(10,959)	4,195	(6,764)
	17	-	284,870	19,891	304,761
Net (expenses)/income from retakaful certificates held	17	(317,003)	284,870	19,891	(12,242)
Finance income from retakaful certificates held	25	-	11,818	424	12,242
Total amount recognised in profit or loss		(317,003)	296,688	20,315	-
Cash flows					
Contributions paid, net of ceding commission		313,574	-	-	313,574
Recoveries from retakaful		-	(43,509)	-	(43,509)
Total cash flows		313,574	(43,509)	-	270,065
Other movements	(i)	-	(130,444)	-	(130,444)
Net balance as at end of the year		60,376	337,992	30,944	429,312
Represented by:					
Retakaful certificate assets as at 31 December		100,603	331,375	31,067	463,045
Retakaful certificate liabilities as at 31 December		(40,227)	6,617	(123)	(33,733)
Net balances as at 31 December		60,376	337,992	30,944	429,312

Notes:

(i) Other movements relates to movement of retakaful unallocated surplus during the financial year.

* Amounts have been reclassified between the line items to conform with the presentation and disclosure requirements under MFRS 17 accounting standards.

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES

Composition of Statement of Financial Position

The breakdown of groups of takaful certificates issued, that are in asset and those in a liability positions are set out in the table below:

	2025			2024		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Takaful certificates issued						
General Takaful Fund						
Motor	-	2,639,397	2,639,397	-	2,629,543	2,629,543
Fire	-	342,270	342,270	(12,191)	273,184	260,993
Marine, Aviation, Cargo and Transit	(7,474)	16,028	8,554	(12,368)	1,615	(10,753)
Miscellaneous	(30,415)	196,750	166,335	(16,328)	203,033	186,705
Unallocated surplus	-	448,365	448,365	-	338,202	338,202
Total takaful certificates issued	(37,889)	3,642,810	3,604,921	(40,887)	3,445,577	3,404,690
Company						
Motor	-	2,714,926	2,714,926	-	2,750,793	2,750,793
Fire	-	364,491	364,491	(12,191)	302,138	289,947
Marine, Aviation, Cargo and Transit	(13,210)	17,869	4,659	(15,165)	2,250	(12,915)
Miscellaneous	(32,066)	204,355	172,289	(32,822)	213,213	180,391
Unallocated surplus	-	448,365	448,365	-	338,202	338,202
Total takaful certificates issued	(45,276)	3,750,006	3,704,730	(60,178)	3,606,596	3,546,418

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims measured at PAA.

The roll-forward of the net asset or liability for takaful certificates issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is disclosed in the table below:

2025

	Note	LRC	LIC		Total RM'000
		Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
General Takaful Fund					
Takaful certificate liabilities as at 1 January		1,320,187	1,968,875	156,515	3,445,577
Takaful certificate assets as at 1 January		(337,330)	283,229	13,214	(40,887)
Net balances as at 1 January		982,857	2,252,104	169,729	3,404,690
Takaful revenue	15	(2,463,185)	-	-	(2,463,185)
Takaful service expenses					
Incurred claims and other takaful service expenses		-	2,057,836	66,043	2,123,879
Amortisation of takaful acquisition cash flows		575,743	-	-	575,743
Changes that relate to past services - adjustment to LIC		-	(134,689)	(95,170)	(229,859)
	16	575,743	1,923,147	(29,127)	2,469,763
Takaful service result		(1,887,442)	1,923,147	(29,127)	6,578
Finance expenses from takaful certificates issued	24	-	113,825	5,636	119,461
Total amount recognised in profit or loss		(1,887,442)	2,036,972	(23,491)	126,039
Cash flows					
Contributions received		2,596,746	-	-	2,596,746
Claims and other takaful service expenses paid		-	(2,022,378)	-	(2,022,378)
Takaful acquisition cash flows		(605,200)	-	-	(605,200)
Total cash flows		1,991,546	(2,022,378)	-	(30,832)
Other movements	(i)	-	110,163	(5,046)	105,117
Transfer to other liabilities	14 & (ii)	-	(93)	-	(93)
Net balance as at end of the year		1,086,961	2,376,768	141,192	3,604,921
Represented by:					
Takaful certificate liabilities as at 31 December		1,213,755	2,290,964	138,091	3,642,810
Takaful certificate assets as at 31 December		(126,794)	85,804	3,101	(37,889)
Net balances as at 31 December		1,086,961	2,376,768	141,192	3,604,921

Notes:

- (i) Other movements include of movement of unallocated surplus and interfund elimination.
(ii) Included within the "Transfer to other liabilities" are the amounts that are classified deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

a. Analysis by liability for remaining coverage and the liability for incurred claims measured at PAA (contd.)

The roll-forward of the net asset or liability for takaful certificates issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is disclosed in the table below: (contd.)

2025

	Note	LRC	LIC		Total RM'000
		Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Company					
Takaful certificate liabilities as at 1 January		1,462,938	1,985,437	158,221	3,606,596
Takaful certificate assets as at 1 January		(357,311)	283,860	13,273	(60,178)
Net balances as at 1 January		1,105,627	2,269,297	171,494	3,546,418
Takaful revenue	15	(2,463,185)	-	-	(2,463,185)
Takaful service expenses					
Incurred claims and other takaful service expenses		-	2,046,951	66,667	2,113,618
Amortisation of takaful acquisition cash flows		345,022	-	-	345,022
Changes that relate to past services - adjustment to LIC		-	(147,535)	(96,447)	(243,982)
	16	345,022	1,899,416	(29,780)	2,214,658
Takaful service result		(2,118,163)	1,899,416	(29,780)	(248,527)
Finance expenses from takaful certificates issued	24	-	114,429	5,698	120,127
Total amount recognised in profit or loss		(2,118,163)	2,013,845	(24,082)	(128,400)
Cash flows					
Contributions received		2,596,746	-	-	2,596,746
Claims and other takaful service expenses paid		-	(1,677,012)	-	(1,677,012)
Takaful acquisition cash flows		(378,068)	-	-	(378,068)
Total cash flows		2,218,678	(1,677,012)	-	541,666
Other movements	(i)	(33,740)	(199,806)	(5,046)	(238,592)
Transfer to other liabilities	14 & (ii)	-	(16,362)	-	(16,362)
Net balance as at end of the year		1,172,402	2,389,962	142,366	3,704,730
Represented by:					
Takaful certificate liabilities as at 31 December		1,306,635	2,304,131	139,240	3,750,006
Takaful certificate assets as at 31 December		(134,233)	85,831	3,126	(45,276)
Net balances as at 31 December		1,172,402	2,389,962	142,366	3,704,730

Notes:

- (i) Other movements include of movement of unallocated surplus and interfund elimination.
- (ii) Included within the "Transfer to other liabilities" are the amounts that are classified deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

a. Analysis by liability for remaining coverage and the liability for incurred claims measured at PAA (contd.)

The roll-forward of the net asset or liability for takaful certificates issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is disclosed in the table below: (contd.)

2024

	Note	LRC	LIC		Total RM'000
		Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
General Takaful Fund					
Takaful certificate liabilities as at 1 January		1,267,969	1,760,068	125,863	3,153,900
Takaful certificate assets as at 1 January		(374,075)	180,512	11,245	(182,318)
Net balances as at 1 January		893,894	1,940,580	137,108	2,971,582
Takaful revenue	15	(2,288,919)	-	-	(2,288,919)
Takaful service expenses					
Incurred claims and other takaful service expenses*		-	1,530,491	76,102	1,606,593
Amortisation of takaful acquisition cash flows		560,185	-	-	560,185
Changes that relate to past services - adjustment to LIC*		-	172,923	(53,277)	119,646
	16	560,185	1,703,414	22,825	2,286,424
Takaful service result		(1,728,734)	1,703,414	22,825	(2,495)
Finance expenses from takaful certificates issued	24	-	137,716	4,750	142,466
Total amount recognised in profit or loss		(1,728,734)	1,841,130	27,575	139,971
Cash flows					
Contributions received		2,400,284	-	-	2,400,284
Claims and other takaful service expenses paid		-	(1,489,728)	-	(1,489,728)
Takaful acquisition cash flows		(582,587)	-	-	(582,587)
Total cash flows		1,817,697	(1,489,728)	-	327,969
Other movements	(i)	-	(38,866)	5,046	(33,820)
Transfer to other liabilities	14 & (ii)	-	(1,012)	-	(1,012)
Net balance as at end of the year		982,857	2,252,104	169,729	3,404,690
Represented by:					
Takaful certificate liabilities as at 31 December		1,320,187	1,968,875	156,515	3,445,577
Takaful certificate assets as at 31 December		(337,330)	283,229	13,214	(40,887)
Net balances as at 31 December		982,857	2,252,104	169,729	3,404,690

Notes:

- (i) Other movements include of movement of unallocated surplus and interfund elimination.
(ii) Included within the "Transfer to other liabilities" are the amounts that are classified deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

a. Analysis by liability for remaining coverage and the liability for incurred claims measured at PAA (contd.)

The roll-forward of the net asset or liability for takaful certificates issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is disclosed in the table below: (contd.)

2024

Company	Note	LRC	LIC		Total RM'000
		Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Takaful certificate liabilities as at 1 January		1,408,674	1,776,121	127,489	3,312,284
Takaful certificate assets as at 1 January		(361,200)	181,445	11,340	(168,415)
Net balances as at 1 January		1,047,474	1,957,566	138,829	3,143,869
Takaful revenue	15	(2,288,919)	-	-	(2,288,919)
Takaful service expenses					
Incurred claims and other takaful service expenses*		-	1,552,533	76,944	1,629,477
Amortisation of takaful acquisition cash flows		316,567	-	-	316,567
Changes that relate to past services - adjustment to LIC*		-	174,183	(54,135)	120,048
	16	316,567	1,726,716	22,809	2,066,092
Takaful service result		(1,972,352)	1,726,716	22,809	(222,827)
Finance expenses from takaful certificate issued	24	-	138,311	4,810	143,121
Total amount recognised in profit or loss		(1,972,352)	1,865,027	27,619	(79,706)
Cash flows					
Contributions received		2,400,283	-	-	2,400,283
Claims and other takaful service expenses paid		-	(1,509,149)	-	(1,509,149)
Takaful acquisition cash flows		(353,023)	-	-	(353,023)
Total cash flows		2,047,260	(1,509,149)	-	538,111
Other movements	(i)	(16,755)	(22,111)	5,046	(33,820)
Transfer to other liabilities	14 & (ii)	-	(22,036)	-	(22,036)
Net balance as at end of the year		1,105,627	2,269,297	171,494	3,546,418
Represented by:					
Takaful certificate liabilities as at 31 December		1,462,938	1,985,437	158,221	3,606,596
Takaful certificate assets as at 31 December		(357,311)	283,860	13,273	(60,178)
Net balances as at 31 December		1,105,627	2,269,297	171,494	3,546,418

Notes:

- (i) Other movements include of movement of unallocated surplus and interfund elimination.
(ii) Included within the "Transfer to other liabilities" are the amounts that are classified deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

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9. OTHER ASSETS

	General Takaful Fund RM'000	Company RM'000
2025		
Sundry receivables, deposits and prepayments	254	1,649
Allowance for impairment losses (Note 40 (i))	-	(363)
	<u>254</u>	<u>1,286</u>
Survey fees	128	128
Income and profit due and accrued*	28,344	49,551
Amount due from stockbrokers	602	1,187
	<u>29,328</u>	<u>52,152</u>
2024		
Sundry receivables, deposits and prepayments	203	1,583
Allowance for impairment losses (Note 40 (i))	-	(362)
	<u>203</u>	<u>1,221</u>
Survey fee	1,348	1,348
Income and profit due and accrued*	28,112	47,667
Amount due from stockbrokers	581	1,032
	<u>30,244</u>	<u>51,268</u>

* Included in the income and profit due and accrued are mainly consist of profit and dividend receivables.

The carrying amounts (other than prepayments and deposits) are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

10. DERIVATIVES

The table below shows the fair values of derivative financial instruments, recorded as assets (being derivatives which are in a net gain position) or liabilities (being derivatives which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year and are neither indicative of the market risk nor the credit risk.

10. DERIVATIVES (CONTD.)

	<-----2025----->			<-----2024----->		
	Principal Notional Amount RM'000 (Note 34)	Assets RM'000	Liability RM'000	Principal Notional Amount RM'000	Assets RM'000	Liability RM'000
General Takaful Fund						
Hedging derivatives:-						
Cross currency swap ("CCS")	8,166	44	-	-	-	-
Forward foreign exchange contract	6,089	293	-	900	* -	-
Total derivatives	14,255	337	-	900	-	-

* General Takaful Fund has foreign exchange contract for the year ended 31 December 2024 with principal/notional amount amounting to RM900,000 and an asset position amounting to RM122.

	<-----2025----->			<-----2024----->		
	Principal Notional Amount RM'000 (Note 34)	Assets RM'000	Liability RM'000	Principal Notional Amount RM'000	Assets RM'000	Liability RM'000
Company						
Hedging derivatives:-						
Cross currency swap ("CCS")	20,415	110	-	-	-	-
Forward foreign exchange contract	57,864	1,844	-	1,400	* -	-
Total derivatives	78,279	1,954	-	1,400	-	-

* The Company has foreign exchange contract for the year ended 31 December 2024 with principal/notional amount amounting to RM1,400,000 and an asset position amounting to RM190.

The fair value of derivatives are derived based on valuation techniques from market observable inputs and are revalued at the reporting date based on valuations provided by the respective counterparties. An analysis of the fair value measurement bases used in the determination of the fair values of derivatives are further disclosed in Note 43.

10. DERIVATIVES (CONTD.)

Hedging derivatives:

Forwards are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investment. The Company enters into forward foreign exchange contracts for the purpose of hedging part of its investment portfolio in CNH denominated equities securities and USD denominated debt securities.

Swaps are contractual agreements between two parties to exchange streams of payment over time, based on specified notional amounts, in relation to movement in a specified underlying index such as interest rates, foreign currency rates or equity indices. The Company uses swap contracts to hedge the principal amount invested in foreign debt securities denominated in USD which will be settled at a specified contract rate on the maturity date of the contract.

Cash flow hedge

The Company used a cross currency swap to manage the variability in future cash flows on an asset that is denominated in USD Dollar by exchanging the floating currency exchange rates for fixed rates. The amount and timing of future cash flows, representing both principal and interest flows, are projected on the basis of their contractual terms and other relevant factors. The aggregate principal balance and interest cash flows over time form the basis for identifying gains and losses on the effective portion of derivatives designated as cash flow hedges of forecast transactions. The effective portion of the gains and losses are initially recognised through other comprehensive income, in the cash flow hedge reserve, and are transferred to profit or loss when the forecast cash flows affect profit or loss. Meanwhile, any ineffective portions of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

The hedging relationship was effective for the total hedging period and as of the reporting date. As such, the unrealised gains of RM110,000 for the financial year ended 31 December 2025 from the hedging relationship as disclosed in Note 34 was recognised through other comprehensive income.

11. SHARE CAPITAL

	No. of shares Units '000	Amount RM'000
Company		
2025		
Issued and fully paid, at no par value:		
<u>Ordinary shares</u>		
At 1 January/At 31 December	931,350	970,001
	<hr/>	<hr/>
2024		
Issued and fully paid, at no par value:		
<u>Ordinary shares</u>		
At 1 January/At 31 December	931,350	970,001
	<hr/>	<hr/>

12. RESERVES

	2025	2024
	RM'000	RM'000
Company		
Non-distributable:		
FVOCI reserve	47,684	29,063
Takaful finance reserve	(31,268)	(15,290)
Distributable:		
Retained profits	1,324,211	1,134,162
	<u>1,340,627</u>	<u>1,147,935</u>

- (i) The FVOCI reserve arose from changes in the fair values of the financial assets which are measured at fair value through other comprehensive income.
- (ii) The entire distributable retained profits may be distributed to the shareholder under the single-tier system.

The Takaful finance reserve represents non-distributable equity reserve comprising cumulative OCI amounts. These include:

- fair value changes on FVOCI instruments backing participants' funds; and
- transfers within equity upon derecognition of FVOCI equity instruments attributable to participants funds.

These amounts do not belong to shareholders and are therefore not available for distribution.

13. DEFERRED TAXATION

Deferred tax is recognised for temporary differences arising between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax relating to items recognised in OCI, including FVOCI financial assets, is also recognised in OCI.

	General	Company
	Takaful Fund	RM'000
	RM'000	RM'000
2025		
At 1 January	(5,748)	46,676
Recognised in:		
Profit or loss		
- Tax credit attributable to participants (Note 30)	2,538	2,538
- Tax expense (Note 31)	-	1,713
Other comprehensive income	(5,047)	(9,280)
Transfer to retained earnings upon disposal of equity securities	-	3,398
At 31 December	<u>(8,257)</u>	<u>45,045</u>
2024		
At 1 January	1,346	60,492
Recognised in:		
Profit or loss		
- Tax credit attributable to participants (Note 30)	(2,663)	(2,663)
- Tax expense (Note 31)	-	(3,323)
Other comprehensive income	(4,431)	(7,830)
At 31 December	<u>(5,748)</u>	<u>46,676</u>

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13. DEFERRED TAXATION (CONTD.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax disclosed in the statement of financial position is presented on a net basis after offsetting as follows:

	2025 RM'000	2024 RM'000
General Takaful Fund		
Deferred tax assets	5,228	5,052
Deferred tax liabilities	(13,485)	(10,800)
	<u>(8,257)</u>	<u>(5,748)</u>

The components and movements of deferred tax assets and liabilities of the General Takaful fund during the financial year prior to offsetting are as follows:

(i) Deferred tax assets

	Net amortisation of premiums on investments RM'000	Impairment of takaful certificate liabilities RM'000	Impairment of investments RM'000	Unrealised currency exchange RM'000	Takaful certificate liabilities RM'000	Total RM'000
2025						
At 1 January	3,639	826	176	-	411	5,052
Recognised in:						
Profit or loss						
- Tax credit/(expenses) attributable to participants	848	(420)	49	74	(375)	176
At 31 December	<u>4,487</u>	<u>406</u>	<u>225</u>	<u>74</u>	<u>36</u>	<u>5,228</u>
2024						
At 1 January	2,555	517	270	-	-	3,342
Recognised in:						
Profit or loss						
- Tax credit/(expenses) attributable to participants	1,084	309	(94)	-	411	1,710
At 31 December	<u>3,639</u>	<u>826</u>	<u>176</u>	<u>-</u>	<u>411</u>	<u>5,052</u>

13. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities of the General Takaful fund during the financial year prior to offsetting are as follows (contd.):

(ii) Deferred tax liabilities

	Fair value adjustment RM'000	FVOCI reserve RM'000	Unrealised currency exchange RM'000	Takaful certificate liabilities RM'000	Total RM'000
2025					
At 1 January	(5,971)	(4,829)	-	-	(10,800)
Recognised in:					
Profit or loss					
- Tax credit attributable to participants	2,362	-	-	-	2,362
Other comprehensive income	-	(5,047)	-	-	(5,047)
At 31 December	<u>(3,609)</u>	<u>(9,876)</u>	-	-	<u>(13,485)</u>
2024					
At 1 January	(1,545)	(398)	(1)	(52)	(1,996)
Recognised in:					
Profit or loss					
- Tax (expenses)/credit attributable to participants	(4,426)	-	1	52	(4,373)
Other comprehensive income	-	(4,431)	-	-	(4,431)
At 31 December	<u>(5,971)</u>	<u>(4,829)</u>	-	-	<u>(10,800)</u>

13. DEFERRED TAXATION (CONTD.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax disclosed in the statement of financial position is presented on a net basis after offsetting as follows (contd.):

Company	2025 RM'000	2024 RM'000
Deferred tax assets	68,048	68,214
Deferred tax liabilities	(23,003)	(21,538)
	45,045	46,676

The components and movements of deferred tax assets and liabilities of the Company during the financial year prior to offsetting are as follows:

(i) Deferred tax assets

	Impairment of investments RM'000	Net amortisation of premiums on investments RM'000	Impairment of takaful certificate liabilities RM'000	Impairment of other receivables RM'000	Provision for bonus RM'000	Unrealised currency exchange RM'000	Takaful certificate liabilities RM'000	Total RM'000
2025								
At 1 January	256	5,583	826	88	5,543	-	55,918	68,214
Recognised in:								
Profit or loss								
- Tax credit/(expenses) attributable to participants	49	848	(420)	-	-	74	(375)	176
- Tax expense	49	483	-	-	(357)	666	(1,183)	(342)
At 31 December	354	6,914	406	88	5,186	740	54,360	68,048
2024								
At 1 January	397	3,986	517	88	4,961	-	55,113	65,062
Recognised in:								
Profit or loss								
- Tax (expenses)/credit attributable to participants	(94)	1,084	309	-	-	-	411	1,710
- Tax expense	(47)	513	-	-	582	-	394	1,442
At 31 December	256	5,583	826	88	5,543	-	55,918	68,214

13. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities of the Company during the financial year prior to offsetting are as follows (contd.):

(ii) Deferred tax liabilities

	FVOCI reserve RM'000	Fair value adjustment RM'000	Accelerated capital allowance RM'000	Unrealised currency exchange RM'000	Takaful certificate liabilities RM'000	Total RM'000
2025						
At 1 January	(9,178)	(11,787)	(572)	(1)	-	(21,538)
Recognised in:						
Profit or loss						
- Tax credit/(expenses) attributable to participants	-	2,362	-	-	-	2,362
- Tax expense	-	1,831	223	1	-	2,055
Other comprehensive income	(9,280)	-	-	-	-	(9,280)
Transfer to retained earnings upon disposal of equity securities	3,398	-	-	-	-	3,398
At 31 December	<u>(15,060)</u>	<u>(7,594)</u>	<u>(349)</u>	<u>-</u>	<u>-</u>	<u>(23,003)</u>
2024						
At 1 January	(1,348)	(3,157)	(11)	(2)	(52)	(4,570)
Recognised in:						
Profit or loss						
- Tax (expenses)/credit attributable to participants	-	(4,426)	-	1	52	(4,373)
- Tax expense	-	(4,204)	(561)	-	-	(4,765)
Other comprehensive income	(7,830)	-	-	-	-	(7,830)
At 31 December	<u>(9,178)</u>	<u>(11,787)</u>	<u>(572)</u>	<u>(1)</u>	<u>-</u>	<u>(21,538)</u>

ETIQA GENERAL TAKAFUL BERHAD
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(Incorporated in Malaysia)

14. OTHER LIABILITIES

	General Takaful Fund RM'000	Company RM'000
2025		
Amount due to Shareholder's Fund*	18,784	-
Due to stockbrokers	2,082	4,261
Unclaimed monies	45,833	45,833
Service tax payable	64,385	64,385
Stamp duty payable	2,632	2,632
Withholding tax payable	20,218	20,197
Amount due to related companies (Note 37 (b))*:		
- Ultimate holding company	-	5,126
- Penultimate holding company	-	87
- Immediate holding company	-	9,994
- Other related companies	110	6,475
Zakat payable	-	30,262
Provisions for bonus	-	30,049
Other components of Takaful certificate liabilities (Note 8(a))	93	16,362
Sundry payables and accrued liabilities**	43,017	106,834
	<u>197,154</u>	<u>342,497</u>
2024		
Amount due to Shareholder's Fund*	17,308	-
Unclaimed monies	51,740	51,740
Service tax payable	56,447	56,447
Stamp duty payable	2,195	2,195
Withholding tax payable	21,384	21,385
Amount due to related companies (Note 37 (b))*:		
- Ultimate holding company	-	7,211
- Penultimate holding company	-	65
- Immediate holding company	-	4,581
- Other related companies	52	6,156
Zakat payable	-	28,692
Provisions for bonus	-	24,021
Other components of Takaful certificate liabilities (Note 8(a))	1,012	22,036
Sundry payables and accrued liabilities**	1,045	47,413
	<u>151,183</u>	<u>271,942</u>

* Amounts due to related companies and the Shareholder's fund are non-trade in nature, unsecured, not subject to any profit elements and are repayable in the short-term.

** Included in the sundry payables and accrued liabilities are mainly consist of accruals, creditors transit control account and other miscellaneous of provision expenses.

15. TAKAFUL REVENUE

The table below presents an analysis of the total Takaful revenue recognised in the financial year.

	Note	2025		2024	
		General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
Takaful revenue from certificates measured under the PAA					
Release of contributions for current financial year		2,463,185	2,463,185	2,288,919	2,288,919
Total Takaful revenue	8(a)	<u>2,463,185</u>	<u>2,463,185</u>	<u>2,288,919</u>	<u>2,288,919</u>

16. TAKAFUL SERVICE EXPENSES

The table below presents an analysis of the total Takaful service expenses recognised in the financial year.

	Note	2025		2024	
		General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
Incurring claims and other directly attributable expenses		(1,521,035)	(1,704,951)	(1,339,220)	(1,511,067)
Incurring wakalah fees	(i)	(138,826)	-	(133,609)	-
Incurring surplus to Shareholder's Fund	(ii)	(60,155)	-	(21,200)	-
Incurring surplus to participants	(ii)	(60,155)	(60,155)	(21,200)	(21,200)
Unallocated surplus		(343,708)	(348,512)	(91,364)	(97,210)
Changes that relate to past services - adjustment to LIC		229,859	243,982	(119,646)	(120,048)
Takaful acquisition cash flow amortisation	(i),(iii)	(575,743)	(345,022)	(560,185)	(316,567)
Total Takaful service expenses	8(a)	<u>(2,469,763)</u>	<u>(2,214,658)</u>	<u>(2,286,424)</u>	<u>(2,066,092)</u>

Notes:

- (i) The wakalah fees paid to the Shareholder's Fund during the financial year is RM742,702,000 (2024: RM725,954,000).
- (ii) The surplus paid to the Shareholder's Fund and certificate holder during the financial year were RM60,155,000 (2024: RM21,200,000) and RM60,155,000 (2024: RM21,200,000) respectively.
- (iii) Takaful acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of certificates. Please see extracts from accounting policy for details on Note 2.2(viii)(j).

17. NET EXPENSES FROM RETAKAFUL CERTIFICATES HELD

The Company has disclosed an analysis of the net expenses from retakaful certificates held during the financial year, shown in the table below:

	Note	2025		2024	
		PAA		PAA	
		General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
Amounts relating to the changes in the assets for remaining coverage					
Net cost recognised in profit or loss	(i)	(370,185)	(370,185)	(317,003)	(317,003)
Allocation of retakaful contributions		(370,185)	(370,185)	(317,003)	(317,003)
Amounts recoverable for incurred claims and other expenses incurred in the year					
Amounts recoverable for incurred claims		135,979	135,979	181,081	181,081
Incurred unallocated surplus		315,124	315,124	130,444	130,444
Changes that relate to past services - adjustment to AIC		(95,363)	(95,363)	(6,764)	(6,764)
Amounts recoverable from retakaful operators		355,740	355,740	304,761	304,761
Total net expenses from retakaful certificates held	7(a)	(14,445)	(14,445)	(12,242)	(12,242)

Notes:

- (i) Net cost or gain recognised in profit or loss during the coverage period of the corresponding group of retakaful certificates held based on coverage units. Refer to Note 2.2(viii)(g).

18. PROFIT INCOME FROM FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	General Takaful Fund RM'000	Company RM'000
2025		
Financial assets at FVOCI:		
- Malaysian government papers	2,364	5,343
- Debt securities	99,251	163,270
Financial assets at AC:		
- Deposits with financial institutions	21,060	44,985
Financing receivables		
- Staff financing	-	7
Total profit income from financial assets not measured at FVTPL	122,675	213,605
2024		
Financial assets at FVOCI:		
- Malaysian government papers	3,811	7,726
- Debt securities	91,008	149,652
Financial assets at AC:		
- Deposits with financial institutions	23,286	47,211
Financing receivables		
- Staff financing	-	4
Total profit income from financial assets not measured at FVTPL	118,105	204,593

19. NET FAIR VALUE (LOSSES)/GAINS ON FINANCIAL ASSETS MEASURED AT FVTPL

	General Takaful Fund RM'000	Company RM'000
2025		
Realised gains on financial assets, net	5,887	11,946
Fair value gains/(losses) on:		
- Equity securities	(10,157)	(19,401)
- Debt securities	(19)	(19)
- Property trust funds	(1)	(2)
- Derivatives	337	1,954
Total net fair value losses on financial assets measured at FVTPL	(3,953)	(5,522)
2024		
Realised gains on financial assets, net	3,731	7,701
Fair value gains/(losses) on:		
- Equity securities	18,474	35,990
- Debt securities	(33)	(34)
Total net fair value gains on financial assets measured at FVTPL	22,172	43,657

20. NET FAIR VALUE GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI

	General Takaful Fund RM'000	Company RM'000
2025		
Fair value gains on:		
- Malaysian government papers	639	2,661
- Debt securities	406	2,936
Total net fair value gains on derecognition of financial assets measured at FVOCI	1,045	5,597
2024		
Fair value gains on:		
- Debt securities	760	900
Total net fair value gains on derecognition of financial assets measured at FVOCI	760	900

21. OTHER INVESTMENT INCOME

	General Takaful Fund RM'000	Company RM'000
2025		
Dividend/distribution income:		
- Equity securities	5,781	12,128
Profit income from financial assets at FVTPL:		
- Debt securities	756	756
Net amortisation of premiums	(5,234)	(8,530)
Investment related expenses	(1,130)	(1,959)
Total other investment income	173	2,395
2024		
Dividend/distribution income:		
- Equity securities	5,895	12,050
Profit income from financial assets at FVTPL:		
- Debt securities	758	758
Net amortisation of premiums	(4,919)	(7,220)
Investment related expenses	(923)	(1,585)
Total other investment income	811	4,003

22. (ALLOWANCE FOR)/REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	General Takaful Fund RM'000	Company RM'000
2025		
Allowance for impairment losses on:		
- Investments	(203)	(408)
Total allowance for impairment losses on financial assets	(203)	(408)
2024		
Reversal of impairment losses on:		
- Investments	393	589
Reversal of impairment losses on financial assets	393	589

23. NET FOREIGN EXCHANGE LOSSES

	General Takaful Fund RM'000	Company RM'000
2025		
Net realised losses	(541)	(1,116)
Net unrealised losses	(288)	(3,063)
Total net foreign exchange losses	(829)	(4,179)
2024		
Net realised losses	(129)	(200)
Net unrealised losses	(5)	(8)
Total net foreign exchange losses	(134)	(208)

24. FINANCE EXPENSES FROM TAKAFUL CERTIFICATES ISSUED

An analysis of net investment income and net takaful finance expenses.

	2025		2024	
	PAA		PAA	
	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
<u>Takaful certificates</u>				
Finance expenses from takaful certificates issued				
Profit accreted using current financial assumptions	(58,840)	(59,431)	(60,110)	(60,758)
Effect of changes in profit rates and other financial assumptions	(7,536)	(7,611)	(618)	(625)
Changes in the fair value of underlying assets of the Takaful fund	(53,085)	(53,085)	(81,738)	(81,738)
Total finance expenses from takaful certificates issued (Note 8(a))	(119,461)	(120,127)	(142,466)	(143,121)
Represented by:				
Amount recognised in profit or loss	(119,461)	(120,127)	(142,466)	(143,121)

25. FINANCE INCOME FROM RETAKAFUL CERTIFICATES HELD

	2025		2024	
	PAA		PAA	
	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
<u>Retakaful certificates</u>				
Finance income/(expenses) from retakaful certificates held				
Profit accreted using current financial assumptions	13,007	13,007	12,117	12,117
Effect of changes in profit rates and other financial assumptions	1,672	1,672	121	121
Changes in non-performance risk of retakaful operators	(234)	(234)	4	4
Total finance income from retakaful certificates held (Note 7(a))	14,445	14,445	12,242	12,242
Represented by:				
Amount recognised in profit or loss	14,445	14,445	12,242	12,242
<u>Net finance income/(expenses):-</u>				
Represented by:				
Amount recognised in profit or loss				
Finance expenses from takaful certificates issued	(119,461)	(120,127)	(142,466)	(143,121)
Finance income from retakaful certificates held	14,445	14,445	12,242	12,242
	(105,016)	(105,682)	(130,224)	(130,879)

26. OTHER INCOME/(EXPENSES), NET

	2025		2024	
	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
(A) Other income				
Other revenue				
Sundry income	4,593	5,470	527	1,168
Total other income	4,593	5,470	527	1,168
(B) Total other expenses (Note 27)				
	-	(8,263)	-	(8,683)
Total other income/(expenses), net	4,593	(2,793)	527	(7,515)

27. OTHER EXPENSES

An analysis of the expenses incurred by the Company during the financial year is shown in the table below:

	2025				2024				
	Takaful service expenses*				Takaful service expenses*				
	Expenses attributed to takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	
Commission expenses	(A)	252,793	2,710	-	255,503	248,634	2,267	-	250,901
Other expenses									
Employee benefits expense	(a)	59,475	87,323	3,840	150,638	52,876	84,986	3,557	141,419
Directors' fees and remuneration	28	-	-	810	810	-	-	852	852
Shariah Committee's fees and remuneration	29	-	-	278	278	-	-	229	229
Auditors' remuneration:									
- statutory audits		271	203	-	474	441	301	-	742
- regulatory related services		28	-	-	28	28	-	-	28
Amortisation of intangible assets	4	573	326	-	899	317	307	-	624
Auto assist services		-	21,044	-	21,044	-	23,729	-	23,729
Other finance cost		-	14,508	2	14,510	-	13,800	-	13,800
Depreciation of property, plant and equipment	3	14	2	-	16	16	18	-	34
Other management fees		969	1,285	-	2,254	430	562	-	992
Outside services and others		109	981	-	1,090	70	652	-	722
Professional fees		2,940	4,116	37	7,093	2,466	3,654	-	6,120
Short term leases		3,114	4,118	-	7,232	2,749	4,442	-	7,191
Low value assets		14	567	-	581	13	498	-	511
Office facilities expenses		212	206	-	418	346	408	-	754
Electronic data processing expenses		6,350	5,939	-	12,289	4,854	5,680	-	10,534
Expensed assets		-	-	-	-	1	1	-	2
Information technology outsourcing		4,384	4,104	-	8,488	3,315	3,879	-	7,194
Postage and stamp duties		48	1,075	16	1,139	41	1,468	40	1,549
Printing and stationery		61	302	-	363	96	1,671	-	1,767
Promotional and marketing costs		26,110	811	835	27,756	20,487	709	3,988	25,184
Training expenses		1,065	1,068	18	2,151	331	423	14	768
Utilities, assessment and maintenance		683	970	4	1,657	672	1,107	3	1,782
Entertainment		-	-	462	462	-	-	424	424
Travelling expenses		654	901	8	1,563	568	953	5	1,526
Tax services expenses		-	-	-	-	(9)	(10)	-	(19)
Legal fees		63	155	-	218	90	124	-	214
Licence, subscription and levies		636	6,615	-	7,251	931	8,245	2	9,178
Contract staff services		1,380	4,310	29	5,719	735	2,592	-	3,327
Certificate related expenses		12,708	4,552	151	17,411	9,730	4,432	162	14,324
Others		191	478	216	885	108	438	179	725
Total other expenses	(B)	122,052	165,959	6,706	294,717	101,702	165,069	9,455	276,226
Other operating expenses									
Sundry expenditure, net		3,055	6,380	1,557	10,992	2,398	5,316	(772)	6,942
Total other operating expenses	(C)	3,055	6,380	1,557	10,992	2,398	5,316	(772)	6,942
Total other expenses	(A) + (B) + (C)	377,900	175,049	8,263	561,212	352,734	172,652	8,683	534,069

27. OTHER EXPENSES (CONTD.)

An analysis of the expenses incurred by the Company in the financial year is included in the table below: (contd.)

	2025	2024
	RM'000	RM'000
Represented by:		
Takaful service expenses*	552,949	525,386
Other expenses	8,263	8,683
	<u>561,212</u>	<u>534,069</u>

* Takaful service expenses included acquisition and maintenance expenses which are directly attributable to group of Takaful certificate. Takaful acquisition cash flow is subjected to amortisation in accordance to Note 2.2(viii)(j).

	2025	2024
	RM'000	RM'000
(a) Employee benefits expenses		
Wages, salaries and bonuses	113,597	106,758
Employees' Provident Fund ("EPF")	17,881	16,623
Social Security Organisation ("SOCSO")	979	873
Share-based compensation	2,338	1,769
Other benefits	15,843	15,396
	<u>150,638</u>	<u>141,419</u>

Included in employee benefits expenses is CEO's remuneration of RM2,180,000 (2024 : RM1,958,000) as further disclosed in Note 27(b) below.

(b) The details of CEO's remuneration during the financial year are as follows:

	2025	2024
	RM'000	RM'000
Salary	902	954
Directors fees	63	59
Bonus	560	450
EPF and Pension Scheme	242	232
Share-based compensation	297	140
Other emoluments	116	123
	<u>2,180</u>	<u>1,958</u>

28. DIRECTORS' FEES AND REMUNERATION

Company	2025 RM'000	2024 RM'000
Executive directors:		
Fees	60	129
Other emoluments	15	23
	75	152
Non executive directors:		
Fees	580	564
Other emoluments	155	136
	735	700
Total remuneration of the directors	810	852

The details of the remuneration of the directors of the Company are as follows:

	Fees RM'000	Other Emoluments RM'000	Total RM'000
2025			
Executive directors:			
Dato' Muzaffar Bin Hisham (Resigned as Director w.e.f 17 May 2025)	49	11	60
Encik Mohd Amri Bin Mohd Sofian (Appointed as Director w.e.f 1 1 December 2025)	11	4	15
	60	15	75
Non-executive directors:			
Dato' Majid Bin Mohamad (Chairman) (Retired as Director w.e.f 31 December 2025)	190	43	233
Mr. Wong Shu Yoon	130	51	181
Mr. Dominik Jacqueline A Smeets*	130	26	156
Cik Nora Junita Binti Mohd Hussaini	130	35	165
	580	155	735
Total remuneration of the directors	640	170	810

* The directors' fees and other emoluments for nominees of Ageas International N.V. ("Ageas") are remitted directly to Ageas.

28. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The details of the remuneration of the directors of the Company are as follows (contd.):

	Fees RM'000	Other Emoluments RM'000	Total RM'000
2024			
Executive directors:			
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican (Retired as Director w.e.f 20 June 2024)	60	8	68
Dato Muzaffar Bin Hisham (Appointed as Director w.e.f 21 June 2024)	69	15	84
	<u>129</u>	<u>23</u>	<u>152</u>
Non-executive directors:			
Dato' Majid Bin Mohamad (Chairman) Professor Datin Dr. Rusni Binti Hassan (Resigned as Director w.e.f 30 June 2024)	186	27	213
Mr. Wong Shu Yoon	61	21	82
Mr. Dominik Jacqueline A Smeets*	126	46	172
Cik Nora Junita Binti Mohd Hussaini (Appointed as Director w.e.f 1 July 2024)	126	25	151
	<u>65</u>	<u>17</u>	<u>82</u>
	<u>564</u>	<u>136</u>	<u>700</u>
Total remuneration of the directors	<u>693</u>	<u>159</u>	<u>852</u>

* The directors' fees and other emoluments for nominees of Ageas International N.V. ("Ageas") are remitted directly to Ageas.

29. SHARIAH COMMITTEE'S FEES AND REMUNERATION

Company	2025 RM'000	2024 RM'000
Fees	170	137
Other emoluments	108	92
Total Shariah Committee's fees and remuneration	278	229

The details of the remuneration of the Shariah Committee of the Company are as follows:

	Fees RM'000	Other Emoluments RM'000	Total RM'000
2025			
Shariah Committee:			
Associate Professor Dr. Muhammad Najib Bin Abdullah (Chairman w.e.f 15 June 2025)	37	22	59
Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar	34	22	56
Professor Dr. Sharifah Faigah Binti Syed Alwi	34	22	56
Professor Emeritus Dato' Dr. Ahmad Hidayat Bin Buang	34	22	56
En Mohd Kamal Bin Mokhtar (Member w.e.f 15 August 2025)	13	7	20
Professor Dr. Azman Bin Mohd Noor (Retired w.e.f 14 June 2025)	18	13	31
Total Shariah Committee's fees and remuneration	170	108	278
2024			
Shariah Committee:			
Professor Dr. Azman Bin Mohd Noor	32	19	51
Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar	27	19	46
Dr. Muhammad Najib Bin Abdullah (Appointed w.e.f 4 April 2024)	21	15	36
Professor Dr. Sharifah Faigah Binti Syed Alwi (Appointed w.e.f 1 June 2024)	17	12	29
Professor Dato' Dr. Ahmad Hidayat Bin Buang (Appointed w.e.f 1 July 2024)	15	10	25
Professor Dr. Aznan Bin Hasan (Retired w.e.f 31 May 2024)	10	8	18
Professor Datin Dr. Rusni Binti Hassan (Resigned w.e.f 29 February 2024)	3	4	7
Professor Dr. Abdul Rahim Bin Abdul Rahman (Resigned w.e.f 30 June 2024)	12	5	17
Total Shariah Committee's fees and remuneration	137	92	229

30. TAX (CREDIT)/EXPENSES ATTRIBUTABLE TO PARTICIPANTS

	2025	2024
	RM'000	RM'000
General Takaful Fund/Company		
<u>Profit or loss</u>		
Deferred taxation:		
Relating to origination and reversal of temporary differences	(2,538)	2,663
	<u>(2,538)</u>	<u>2,663</u>

The deferred income tax for General Takaful Fund is calculated at the Malaysian statutory tax rate of 24% (2024 : 24%) of the estimated assessable profit for the financial year.

31. TAX EXPENSE

Tax expense/(credit)

The major components of income tax expense for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	2025	2024
	RM'000	RM'000
Company		
<u>Profit or loss</u>		
Income tax:		
Current financial year	88,769	78,309
Over provision of taxation in prior financial year	(2,076)	(5,371)
	<u>86,693</u>	<u>72,938</u>
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 13)	(1,713)	3,323
	<u>84,980</u>	<u>76,261</u>

31. TAX EXPENSE (CONTD.)

	2025	2024
	RM'000	RM'000
General Takaful Fund		
<u>Statement of Comprehensive Income</u>		
Deferred income tax related to other comprehensive income:		
- Fair value changes on debt securities at FVOCI	7,637	3,015
- Fair value changes on equity securities at FVOCI	(2,590)	1,415
	<u>5,047</u>	<u>4,430</u>

Company

Statement of Comprehensive Income

Income tax related to other comprehensive income:		
- Fair value changes on equity securities at FVOCI	3,398	-
Deferred income tax related to other comprehensive income:	<u>3,398</u>	<u>-</u>
- Fair value changes on debt securities at FVOCI	11,458	4,606
- Fair value changes on equity securities at FVOCI	(5,576)	3,224
	<u>5,882</u>	<u>7,830</u>

Reconciliation between tax expense and accounting profit

The reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Company are as follows:

	2025	2024
	RM'000	RM'000
Company		
Profit before taxation and zakat	<u>339,633</u>	<u>323,062</u>
Taxation at Malaysian statutory tax rate of 24%	81,512	77,535
Income not subject to tax	(1,441)	(1,602)
Expenses not deductible for tax purposes	9,463	8,582
Effect of zakat deduction and approved donation	(2,478)	(2,883)
Over provision of taxation in prior financial year	(2,076)	(5,371)
Tax expense for the financial year	<u>84,980</u>	<u>76,261</u>

The domestic income tax for the General Takaful Fund and Company are calculated at the Malaysian statutory tax rate of 24% (2024 : 24%) of the estimated assessable profit for the financial year.

32. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit for the financial year attributable to ordinary equity holder of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2025	2024
	RM'000	RM'000
Profit attributable to ordinary equity holder	230,848	224,585
	2025	2024
	Units '000	Units '000
Weighted average number of ordinary shares in issue at 31 December	931,350	931,350
	2025	2024
	sen	sen
Basic and diluted earnings per share	24.79	24.11

There were no potential dilutive effects on the ordinary shares during and at the end of financial year. There have been no other transactions involving ordinary shares between the reporting date and the authorisation date of these financial statements.

33. DIVIDENDS

	2025	2024
	RM'000	RM'000
Final dividend in respect of financial year ended 31 December 2024 - 5.09 sen per share, single-tier tax exempt dividend on 931,350,000 ordinary shares	47,406	-

34. OTHER COMMITMENTS AND CONTINGENCIES

	General	Company
	Takaful Fund	RM'000
	RM'000	RM'000
2025		
Derivative financial assets (Note 10):		
Cross currency swap		
Less than a year	8,166	20,415
Foreign exchange related contracts		
Less than a year	6,089	57,864
	<u>14,255</u>	<u>78,279</u>

34. OTHER COMMITMENTS AND CONTINGENCIES (CONTD.)

	General Takaful Fund RM'000	Company RM'000
2025		
Approved and contracted for:		
Bank guarantees:		
- in respect of performance bonds (Note a)	-	298
2024		
Derivative financial assets (Note 10):		
Foreign exchange related contracts		
Less than a year	900	1,400
	<u>900</u>	<u>1,400</u>
Approved and contracted for:		
Bank guarantees:		
- in respect of performance bonds (Note a)	-	317
	<u>-</u>	<u>317</u>

Bank guarantees:

a) Performance bonds

Bank guarantees were provided to the Company to secure the participants' contractual obligations with Takaful business, amounting to RM298,000 (2024: RM317,000). As at the reporting date, the Company does not consider it probable that a claim will be made under these guarantees.

All of the guarantees issued by the Company for performance bonds was made under a bank guarantee facility (with a facility amount of up to RM5 million) obtained from Maybank.

35. SEGMENTAL INFORMATION ON CASH FLOW

	General Takaful Fund RM'000	Company RM'000
2025		
Net cash flows generated from/(used in):		
Operating activities	422,834	728,250
Investing activities	(361,538)	(619,795)
Financing activities	-	(47,406)
Net increase in cash and cash equivalents:	<u>61,296</u>	<u>61,049</u>
At 1 January 2025	51,604	51,856
At 31 December 2025	<u>112,900</u>	<u>112,905</u>
2024		
Net cash flows generated from/(used in):		
Operating activities	166,583	331,461
Investing activities	(164,902)	(329,757)
Net increase in cash and cash equivalents:	<u>1,681</u>	<u>1,704</u>
At 1 January 2024	49,923	50,152
At 31 December 2024	<u>51,604</u>	<u>51,856</u>

36. SHARE-BASED COMPENSATION

ESGP and CESGP

The existing ESGP ("ESGP2018") is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 6 April 2017, and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022, of which all the awards have been vested to eligible employees from 2021 to 2025. No new awards under ESGP2018 have been issued to staff since 2023, and the plan has officially expired on 13 December 2025.

The ESGP consists of two (2) types of performance-based awards: Employees' Share Grant Plan ("ESGP Shares") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP"). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group NRC.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the NRC may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") and the NRC may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

Other principal features of the ESGP are as follows:

- (i) The employees eligible to participate in the ESGP must be on the payroll of the Participating Maybank Group and have not served a notice of resignation or received a notice of termination. Participating Maybank Group includes the Maybank and its overseas branches and subsidiaries, but excluding dormant subsidiaries.
- (ii) The entitlement under the ESGP for the Executive Directors, including any persons connected to the directors, is subject to the approval of the shareholders of the Maybank in a general meeting.
- (iii) The existing ESGP ("ESGP2018") is valid for a period of seven (7) years from the effective date. No new awards under ESGP2018 have been issued to staff since 2023, and the plan has officially expired on 13 December 2025. The number of ESGP Shares and CESGP to be vested is based on a multiple of the initial grant whereby the multiple is determined according to the performance targets and/or conditions. In the event the performance targets and/or conditions are not met by the eligible employees, the ESGP Shares and CESGP shall not be vested to them at the end of the ESGP vesting schedule. As continuation of the existing employees' share grant plan, a new ESGP plan ("ESGP2023") has been established in 2023 and is valid for a period of ten (10) years from the effective date.

Notwithstanding the above, Maybank may terminate the ESGP at any time during the duration of the scheme subject to consent of Maybank's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of termination.

37. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include the Directors and the Chief Executive Officer of the Company.

The Company has related party relationships with its holding companies, fellow subsidiary companies, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholder.

Related party transactions have been entered into in the normal course of business under normal trade terms.

(a) Significant transactions of the Company with related parties during the financial year were as follows:

	General Takaful Fund RM'000	Company RM'000
Income/(expenses):		
2025		
Ultimate holding company:		
Gross contribution income	549	549
Commission and fee expenses	-	(25,880)
Claims paid	(528)	(528)
Other expenses	-	(1,280)
Bank charges	-	(537)
Employee's Share Grant Plan ("ESGP")	-	(720)
	<hr/>	<hr/>
Penultimate holding company:		
Shared service costs	-	(349)
	<hr/>	<hr/>
Immediate holding company:		
Gross contribution income	297	297
Claim paid	(167)	(167)
Dividend paid (Note 33)	-	(47,406)
Shared services costs	-	(67,787)
	<hr/>	<hr/>
Fellow subsidiaries within the MAHB Group:		
Gross contribution income	86	86
	<hr/>	<hr/>

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant transactions of the Company with related parties during the financial year were as follows: (contd.)

	General Takaful Fund RM'000	Company RM'000
Income/(expenses) (contd.):		
2025 (contd.)		
Fellow subsidiaries within the MAHB Group: (contd.)		
Rental expenses	-	(7,160)
Shared services costs	-	(26,900)
Fellow subsidiaries within the EIHSB Group:		
Gross contribution income	15	15
Consultation fee	-	(3,046)
Shared services costs	-	(303)
Other related companies within the Maybank Group:		
Gross contribution income	3,647	3,647
Profit income	3,397	5,836
Information technology outsourcing	-	(8,511)
Commission and fee expenses	-	(10,880)
Investment expenses	(726)	(1,273)
Claims paid	(6)	(6)
Companies related to a company with significant influence over the Maybank Group:		
Gross contribution income	8,186	8,186
Claims paid	(1,275)	(1,275)
Companies with significant influence over the MAHB Group:		
Contribution ceded to retakaful	(1,336)	(1,336)
Claims paid recovery from retakaful	4	4
2024		
Ultimate holding company:		
Gross contribution income	1,967	1,967
Commission and fee expenses	-	(25,535)
Claims paid	(302)	(302)
Other expenses	-	(693)
Bank charges	-	(826)
Employee's Share Grant Plan ("ESGP")	-	(770)

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant transactions of the Company with related parties during the financial year were as follows: (contd.)

	General Takaful Fund RM'000	Company RM'000
Income/(expenses) (contd.):		
2024 (contd.)		
Penultimate holding company:		
Gross contribution income	1	1
Shared service costs	-	(963)
Other expenses	-	(305)
	<hr/>	<hr/>
Immediate holding company:		
Gross contribution income	316	316
Shared services costs	-	(27,908)
Remuneration of a seconded employee	-	(90)
	<hr/>	<hr/>
Fellow subsidiaries within the MAHB Group:		
Gross contribution income	25	25
Claims paid	(13)	(13)
Rental expense	-	(7,186)
Shared services costs	-	(30,352)
	<hr/>	<hr/>
Fellow subsidiaries within the EIHSB Group:		
Gross contribution income	13	13
Consultation fee	-	(3,356)
Shared service costs	-	(1,092)
	<hr/>	<hr/>
Other related companies within the Maybank Group:		
Gross contribution income	3,925	3,925
Profit income	3,295	5,621
Information technology outsourcing	-	(7,309)
Commission and fee expenses	-	(9,604)
Investment expenses	(632)	(1,106)
Claims paid	(3)	(3)
	<hr/>	<hr/>
Companies related to a company with significant influence over the Maybank Group:		
Gross contribution income	6,606	6,606
Claims paid	(1,427)	(1,427)
	<hr/>	<hr/>
Companies with significant influence over the MAHB Group:		
Contribution ceded to retakaful	(779)	(779)
Claims paid recovery from retakaful	8	8
	<hr/>	<hr/>

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(b) Included in the statements of financial position of the Company are amounts due from/(to) related companies as follows:

	General Takaful Fund RM'000	Company RM'000
2025		
Ultimate holding company:		
Bank balances	46,488	46,493
Claim liabilities	(375)	(375)
Amount due to ultimate holding company (Note 14)	<u>-</u>	<u>(5,126)</u>
Immediate and penultimate holding companies:		
Amount due to immediate holding company (Note 14)	-	(9,994)
Amount due to penultimate holding company (Note 14)	<u>-</u>	<u>(87)</u>
Fellow subsidiaries within the MAHB Group:		
Outstanding contributions	42	42
Amount due to other related companies (Note 14)	<u>-</u>	<u>(5,617)</u>
Fellow subsidiaries within the EIHSB Group:		
Outstanding contributions	28	28
Amount due to other related companies (Note 14)	<u>-</u>	<u>(665)</u>
Other related companies within the Maybank Group:		
Fixed and call deposits	114,792	204,012
Income and profit due and accrued	251	459
Outstanding contributions	237	237
Claims liabilities	(33)	(33)
Amount due to other related companies (Note 14)	(110)	(193)
Derivatives	116	1,484
Sundry payables and accrued liabilities	<u>-</u>	<u>(1,762)</u>
Companies related to a company with significant influence over the Maybank Group:		
Outstanding contributions	29	29
Claims liabilities	<u>(3,363)</u>	<u>(3,363)</u>

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(b) Included in the statements of financial position of the Company are amounts due from/(to) related companies as follows: (contd.)

	General Takaful Fund RM'000	Company RM'000
2025 (contd.)		
Companies with significant influence over the MAHB Group: (contd.)		
Outstanding contribution to retakaful	(35)	(35)
Outstanding claims recovery	555	555
	<hr/>	<hr/>
2024		
Ultimate holding company:		
Bank balances	3,231	3,483
Claims liabilities	(514)	(514)
Amount due to ultimate holding company (Note 14)	-	(7,211)
	<hr/>	<hr/>
Immediate and penultimate holding companies:		
Claims liabilities	(167)	(167)
Amount due to immediate holding company (Note 14)	-	(4,581)
Amount due to penultimate holding company (Note 14)	-	(65)
	<hr/>	<hr/>
Fellow subsidiaries within the MAHB Group:		
Amount due to other related companies (Note 14)	-	(3,025)
	<hr/>	<hr/>
Fellow subsidiaries within the EIHSB Group:		
Outstanding contributions	27	27
Amount due to other related companies (Note 14)	-	(3,040)
	<hr/>	<hr/>
Other related companies within the Maybank Group:		
Fixed and call deposits	121,682	230,442
Income and profit due and accrued	386	854
Outstanding contributions	479	479
Claims liabilities	(33)	(33)
Amount due to other related companies (Note 14)	(52)	(91)
Derivatives	* -	** -
Sundry payables and accrued liabilities	-	(648)
	<hr/>	<hr/>

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

- (b) Included in the statements of financial position of the Company are amounts due from/(to) related companies as follows: (contd.)

	General Takaful Fund RM'000	Company RM'000
2024 (contd.)		
Companies related to a company with significant influence over the Maybank Group:		
Outstanding contributions	2	2
Claims liabilities	(2,961)	(2,961)
Companies with significant influence over the MAHB Group:		
Outstanding contribution to retakaful	(496)	(496)
Outstanding claims recovery	72	72

* Representing RM122

** Representing RM190

Trade and investments related balances with related companies are subject to normal trade terms. The terms for non-trade balances with related companies are as disclosed in Note 14.

- (c) Key management personnel compensation

- (i) The remuneration of key management personnel during the financial year were as follows:

	2025 RM'000	2024 RM'000
Short-term employee benefits		
- Fees	703	752
- Salaries, allowances and bonuses	1,462	1,404
- Contribution to EPF and pension scheme	242	232
- Share-based compensation	297	140
- Other emoluments	286	282
	<u>2,990</u>	<u>2,810</u>

The remuneration of other key management personnel, being the executive directors and non-executive directors of the Company are as disclosed in Note 27 and Note 28 of the financial statements.

- (ii) The number of shares awarded for ESGP to CEO were as follows:

	2025 '000	2024 '000
At 1 January	118	393
Awarded	63	45
Adjustment	26	(348)
Vested	(37)	15
Additional/(forfeited)	1	13
At 31 December	<u>171</u>	<u>118</u>

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK

The MAHB Group Enterprise Risk Management Framework ("ERMF") is intended to institutionalise vigilance and awareness of the management of risk across MAHB Group. It encapsulates the governance structure to support the risk management process and to ensure strong risk management. It defines the risk-related roles and responsibilities of the different Boards, Committees and Departments for the legal entities within Maybank Ageas Holdings Berhad ("MAHB"), being Etiqa General Insurance Berhad ("EGIB"), Etiqa Family Takaful Berhad ("EFTB"), Etiqa Life Insurance Berhad ("ELIB"), Etiqa General Takaful Berhad ("EGTB"), Etiqa Life International (L) Ltd. ("ELIL"), Etiqa Offshore Insurance (L) Ltd. ("EOIL") and Etiqa Insurance Pte. Ltd. ("EIPL"), collectively known as "the MAHB Group".

The key building blocks have been set which serve as the foundation for effective risk management and executed in accordance with the standards and risk appetite set by the Board.



The overall risk management process is viewed in a structured and disciplined approach to align strategies, policies, processes, technology and knowledge with the purpose of evaluating and managing the uncertainties the organisation faces as it creates value.

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Principles

Strong risk culture serves as the foundation upon which a robust enterprise wide risk management structure is built. The approach to risk management is premised on the following broad principles:

- Maintain a Risk Taxonomy for Assessing Risk
- Establish Risk Appetite and Strategy
- Assign Adequate Capital
- Select an Appropriate Risk Response Action
- Ensure Governance and Oversight Function
- Establish Risk Management Practices and Processes
- Identify and Quantify Unfavourable Effects Through Stress Testing
- Ensure Sufficient Resources and System Infrastructures

There are Risk Frameworks, Policies, Guidelines and Procedures that document the key expectations for the proper coping with each risk type the organisation faces.

Risk Culture

At the heart or foundation of the ERM structure is the risk culture. It is a vital component in strengthening risk governance and forms a fundamental tenet of strong risk management. If an institution lacks the right culture and strong leadership at the top, the other elements in the structure will be somewhat irrelevant.

Risk culture stems from the conduct of staff, businesses and the organisation as a whole in ensuring that customers, either internal or external, are treated fairly and their interest upheld at all times.

Risk culture aligns business objectives and attitude towards risk taking and risk management through the risk appetite, by establishing the way in which risks are identified, measured, controlled, monitored and reported.

Risk culture can be strengthened by having a strong tone from the top that establishes the expected risk behaviour, and then operationalised by the tone from the middle. Both levels are responsible to articulate and exemplify the underlying values that support the desired risk culture. This is driven by a clear vision for an effective approach to risk, ingrained at all levels and built into the behaviour of each individual.

Embedding a strong risk culture goes beyond compliance to policies, core values, code of ethics and conduct, it is essentially about the belief, emotion and behaviour that 'risk is everyone's responsibility' and should permeate in the attitude of each individual.

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Coverage

MAHB Group maintains a risk taxonomy for assessing risk, which is derived from several risk analysis exercises conducted each year. New risks if any, are added as they are identified through:-

- Annual Enterprise Risk Assessment (with methodology of Risk Landscape Survey)
- New Business/Product Approval process as governed by the New Product Approval Policy
- Forward-looking stress testing
- Inputs from the Senior Management and the Board of Directors.

Risk Appetite

The establishment of the risk appetite is an integral component of a robust risk management framework and should be driven by both top-down Board leadership and bottom-up involvement of management at all levels. The risk appetite should enable the Board of Directors and the Senior Management to communicate, understand and assess the types and levels of risks that MAHB Group is willing to accept in pursuit of its business and strategic goals while taking into consideration the constraints under a stressed environment.

Developing and setting the risk appetite must be integrated into the strategic planning process and should be dynamic as well as responsive to changing internal and external drivers such as business and market conditions, stakeholders' expectation and internal capabilities. The articulation of the risk appetite is done through a set of risk appetite statements, which include a comprehensive view of material risks selected on the basis of having more strategic focus on the risks that will significantly impact our capital, liquidity, asset quality, profitability and ultimately MAHB Group's strategic objectives and reputation. This forms the link in which risk limits and controls are set to manage risk exposures arising from business activities. An effective risk appetite can also act as a powerful reinforcement to a strong risk culture.

Adequate Capital

Capital Management is the key element for ensuring that MAHB Group has adequate capital to meet its capital requirements on an on-going basis, fulfilling the regulatory requirements on Internal Capital Adequacy Assessment Process ("ICAAP") that all Takaful Operators must operate at capital levels above the Individual Target Capital Level ("ITCL") at all times, which means that in the event that the ITCL is breached, MAHB Group must have an actionable plan to restore the capital level within a reasonable timeframe. The Capital Management Framework documents all principles MAHB Group follows to ensure a sound Capital Management approach.

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Response

Risk response refers to the actions taken to address inherent risk and potential risk which have been identified in the MAHB Group's product offerings, investment decisions, operating processes and business strategies. It involves evaluating the likelihood and potential impact of risks and deciding on the best course of action to take. Generally there are four (4) possible responses to risk:-



When strategising the response action, it is important to thoroughly consider whether or not the risk that MAHB Group is willing to assume is reasonable. In general, if MAHB Group is unable to manage and mitigate the risk then the risk should be avoided, unless the cost and benefit trade-off of assuming such risks brings greater value to MAHB Group. In a nutshell, the risk responses chosen must be realistic, taking into account the costs of the responses as well as the impact to MAHB Group.

Governance and Risk Oversight

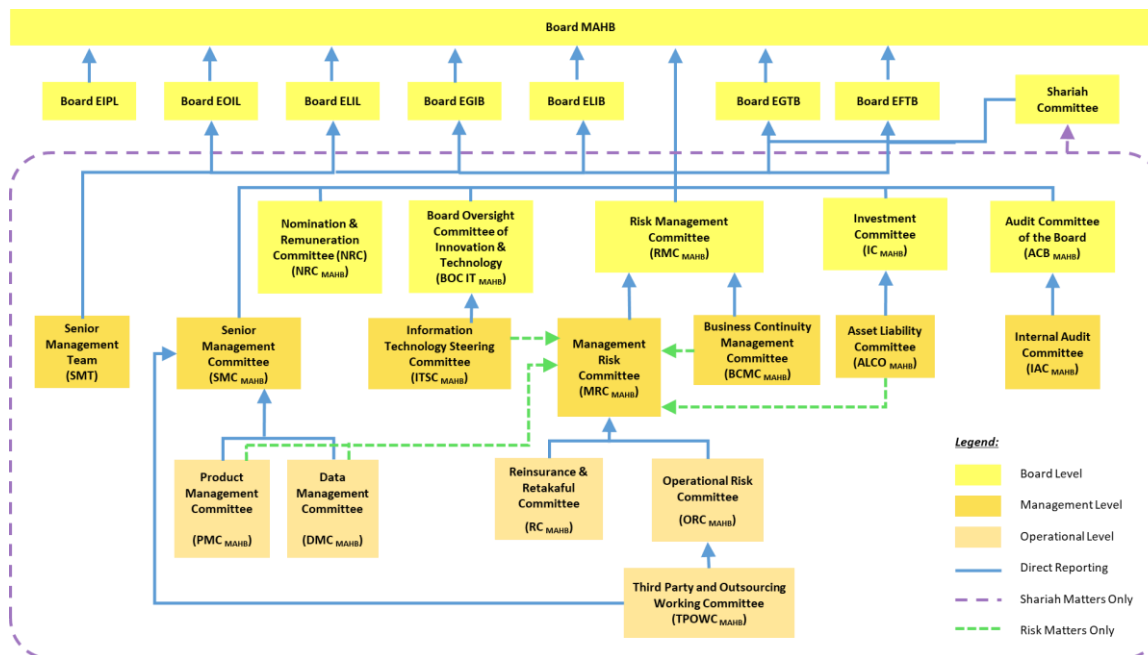
A governance structure should be clear, effective as well as robust and includes the role of the Board, Risk Committees and Senior Management with well defined, transparent and consistent lines of responsibilities.

The risk governance model provides a formalised, transparent and effective governance structure which promotes active involvement of the Board of Directors and the Senior Management in the risk management process to ensure a uniform view of risk across MAHB Group. It also places accountability and ownership while facilitating an appropriate level of independence and segregation of duties between the lines of defence.

MAHB Group's risk governance structure outlines the organisation, hierarchy and the scope of responsibilities of all the risk governance bodies in the risk management function. The roles and responsibilities of each committee in risk governance are clarified in their respective Term of Reference ("TOR").

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Governance and Risk Oversight (contd.)



Note:

- 1) This is a representation of overall risk governance bodies within MAHB Group, there exist other committees not captured in this diagram as any risk matters that require the risk focused supervision shall be escalated to the risk governance bodies for deliberations as captured above.
- 2) As for Shariah risk matters, the oversight responsibility resides with the Shariah Committee which reports to the Entities' Board respectively.
- 3) ELIL is undergoing its exit strategy and full closure is tentatively to be completed by end 2026.

Lines of Defence

In general, the role of the 1st line involves the execution of activities and ownership of risk, while the 2nd line is responsible for establishing policies and risk structure. The 3rd line is responsible for providing independent risk assurance.

MAHB Board

The MAHB Board, together with the respective Etiqa Entity's Board, have the final responsibility for all business activities, including risk management. The Boards are the ultimate decision-making body for MAHB Group. The Boards have delegated specific matters to sub-boards committees, such as risk matters to the Risk Management Committee ("RMC"), audit matters to the Audit Committee Board ("ACB") and investment matters to the Investment Committee ("IC").

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board Oversight Committee of Innovation and Technology ("BOC IT")

BOC IT is responsible to review the innovations enabled by technology; Financial and Operational Excellence ("FOX") opportunities enabled by technology; critical/significant innovation and technology projects, initiatives and opportunities; operational and regulatory related activities, and ensure all IT initiatives are adequately funded and resourced.

Shariah Committee ("SC") – EGTB and EFTB Entity Board

SC is responsible to oversee Shariah compliance for Takaful business, as well as the Shariah funds. SC assists the EGTB and EFTB Boards in fulfilling its supervision and monitoring responsibilities in respect of Shariah principles.

The following management level committees are established to support the Board in terms of risk governance on the business activities:

Senior Management Committee ("SMC") and Senior Management Team ("SMT")

The SMC and SMT are responsible to assure the Boards that the Etiqa entities take adequate decisions regarding risks and return and to make sure adequate controls exist and are fully operational; and, ensure that the management of risk is in line with the approved risk appetite, strategy, risk frameworks, policies, procedures and risk management practices and processes established.

Management Risk Committee ("MRC")

The MRC is the advisor to the RMC concerning all risk-related topics, including limits, exposures and methodologies.

MRC to review and recommend new and revised MAHB Group Risk frameworks/policies where control of documents is determined as material for RMC and Board endorsement/approval, whichever relevant. Also, to review and recommend the MAHB Group's annual Risk Appetite Statements ("RAS") and Key Risk Indicators ("KRIs"), for RMC and Board endorsement/approval, whichever relevant.

Asset Liability Committee ("ALCO")

The ALCO is responsible for formulating and overseeing the investment strategy and managing asset-liability mismatches, liquidity and market risks. It will carry out its responsibilities within the limits set by the MRC, such as following the Risk Appetite and Asset Liability Management ("ALM") constraints. Also, it is responsible for reviewing and recommending the reallocation of the investment portfolio and the classifications of the financial assets based on considerations of capacity and intent.

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Information Technology Steering Committee ("ITSC")

ITSC is to establish, and review long term strategic IT plans of the organisation; identify potential IT strategies and improve business operating model; ensure the alignment of IT initiatives and business strategies; ensure adequacy of IT infrastructure to support business-as-usual and new projects, and addressing risks of technology obsolescence.

Internal Audit Committee ("IAC")

The IAC is responsible to deliberate the audit findings highlighted in the internal and external auditors' reports as well as internal investigation reports; and to deliberate and ensure adequacy and timeliness of the remedial actions.

Business Continuity Management Committee ("BCMC")

The BCMC is responsible to ensure that the Business Continuity Management ("BCM") framework (Maybank GNFR Framework), policy and procedure are embedded, promoted and implemented in each service areas within MAHB Group. It also provides centralised co-ordination of the response to, and recovery from, any incident, or situation that causes potential or significant disruption to MAHB Group in delivering its products and services.

The following Operational Level Committees are established to support the Management Level Committees at MAHB level in the discharge of their duties.

Operational Risk Committee ("ORC")

ORC serves as the advisor to MRC concerning group wide operational risk-related topics in day-to-day activities and practices, ensuring sound risk governance standards through effective implementation of Operational Risk Policy and other risk governing documents.

Product Management Committee ("PMC")

The PMC's prime objective is to oversee, coordinate and manage the whole process of product development and product management for specific product lines including the monitoring of the implementation, and post implementation performance of the Takaful Products.

Data Management Committee ("DMC")

DMC serves as the advisor to SMC and MRC concerning MAHB Group-wide data management need and information risk-related topics in day-to-day activities and practices, ensuring sound governance standards through effective implementation of risk-related governing frameworks, policies and mandates set.

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Reinsurance and Retakaful Committee ("RC")

The primary objective of the RC is to function as the governance body to provide decision and guidance in relation to the reinsurance/retakaful management of the Insurance policies and Takaful certificates. The scope of the RC covers General Reinsurance/Retakaful, Inward/Outward Reinsurance/Retakaful and deliberation in relation to the arrangement for Catastrophe protection for Life/Family Takaful.

Third Party and Outsourcing Working Committee ("TPOWC")

TPOWC is responsible to deliberate and make recommendations on overall third party and outsourcing-related topics and also to ensure sound governance through effective implementation of third party and outsourcing governing policies and procedures for all the operating entities in Malaysia (ELIB, EGIB, EFTB, and EGTB and Labuan entities EOIL and ELIL) including oversight function on EIPL third party and outsourcing-related matters.

Fire Committee ("FC")

FC is responsible to verify the contribution rate level is adequate and complies with BNM guidelines (aligned with Fire Pricing Policy document); Approve Fire Underwriting Guidelines in line with Company's business strategy and risk appetite; Approve pricing and re-pricing within FC's authority; To monitor the monthly performance indicators and propose corrective actions; To ensure customer are treated fairly as per item no 12 'Fair Business Practices and Adequate Disclosure' under the BNM Phase Liberalisation of Motor and Fire Tariffs policy document; On the advice of Pricing Department, report deviation from Fire Pricing Policy to MRC.

Motor Committee ("MC")

MC is responsible to verify the adequacy of contribution level in complying with BNM guidelines (aligned with Motor Pricing policy document); Discuss, deliberate and approve Motor Underwriting Guidelines in line with Company's business strategy and risk appetite; Discuss, deliberate and approve pricing and re-pricing within MC's authority; To ensure customer are treated fairly as per item no 12 'Fair Business Practices and Adequate Disclosure' under the BNM Phase Liberalisation of Motor and Fire Tariffs policy document.

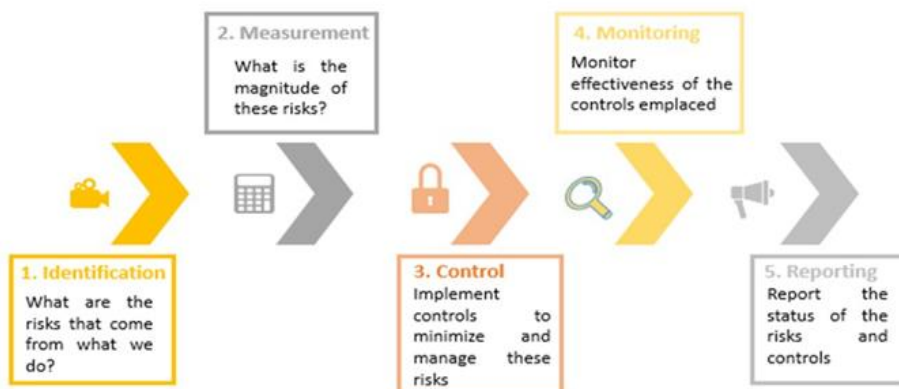
Risk Management Practices and Processes

A robust process should be in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the business. The practices and processes are to be reflective of the nature, size and complexity of the various business activities.

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Management Practices and Processes (contd.)

There five (5) main stages of the risk management process which form a continuous cycle are depicted below:-



Stress Test

Stress test is used to identify and quantify possible events or future changes in the financial and economic conditions that could have unfavourable effects on the MAHB Group's exposure. This involves an assessment of MAHB Group's capability to withstand such changes in relation to capital and earnings to absorb potentially significant losses.

Stress test is conducted on a periodic basis or when required to better understand the risk profile, evaluate business risk and thus, taking appropriate measures to address these risks accordingly.

Resource and System Infrastructure

Any good risk management infrastructure requires a highly robust management information system as well as adequate resources as these are the foundation and enabler to an effective risk management practice and process. Hence, MAHB Group should equip itself with the necessary resources, infrastructure and support to perform its roles efficiently.

Resources

To execute the risk principles, objectives, strategies and processes at various hierarchical levels within the governance model, all risk functions should be adequately staffed with the relevant personnel to carry out their responsibilities independently and effectively.

The personnel within risk management should possess the requisite skills, qualifications, experience and competencies compatible with the nature, scale and complexity of business activities.

The personnel should be equipped with the required knowledge to understand the various activities and risk profile of businesses and challenge these lines in all facets of risk taking activities.

38. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

System Infrastructure

With the current complexity of business operations and activities, it is critical to have a comprehensive and integrated system infrastructure to support an enterprise-wide or consolidated view of risk. The system infrastructure should be able to provide adequate and effective data aggregation capabilities at all times, with accurate, complete, timely and adaptable data to facilitate effective risk management practices and processes.

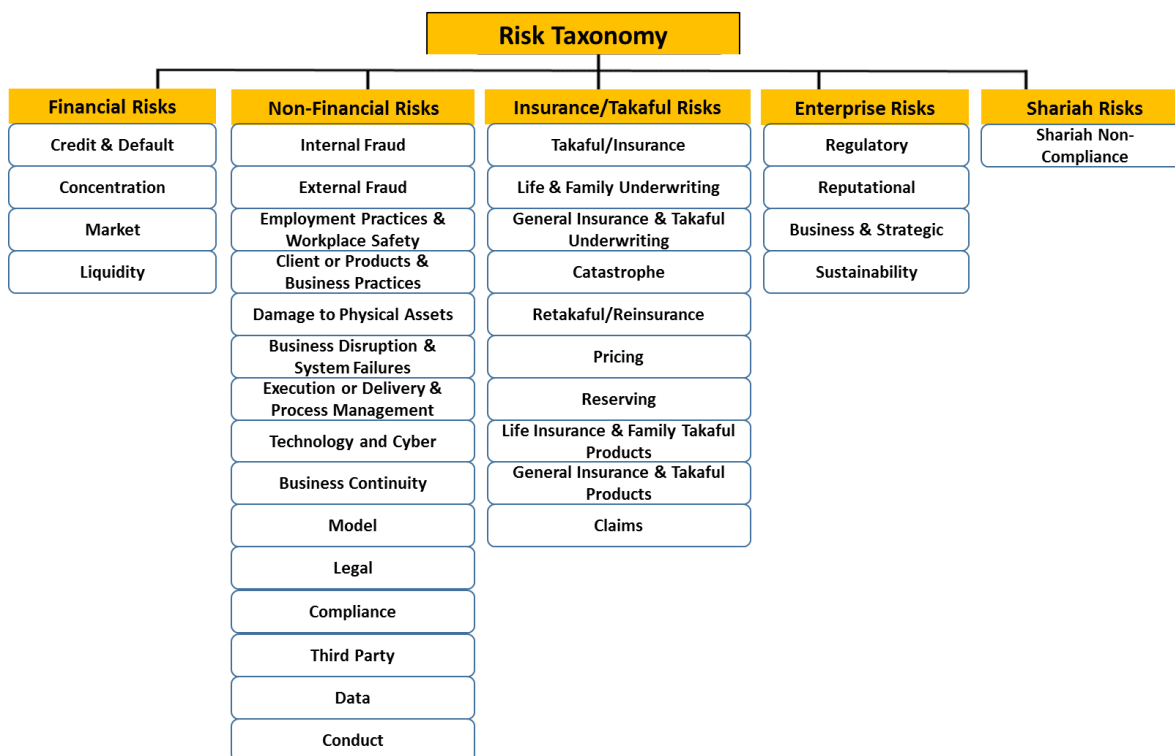
Through the established infrastructure, the roles and responsibilities required for effective management of risk can be performed appropriately.

In addition, effective measures and systems should be in place to facilitate the generation and exchange of information within MAHB Group. This is important to ensure a swift response to changes in the operating environment and developments in business strategies.

Risk Taxonomy

MAHB Group Risk Management Department works hand-in-hand with Compliance Department, Legal Department and Shariah Division on risk-related matters.

The following are the risk types that are applicable to the businesses and operations, which consists of Financial Risk, Takaful Risk, Non-Financial Risk, Enterprise Risk and Shariah Risk.



39. TAKAFUL RISK

Takaful risk is the risk of loss or adverse change arising from the underwritten takaful businesses. This can be due to adverse deviation in portfolio experience as well as underlying assumptions/expectations on which product, pricing, underwriting, claims, reserving and retakaful have been made.

Retakaful offers financial protection to takaful operators against large and catastrophic events. It allows efficient use of capital to support future business growth, whilst reducing the volatility of financial results and solvency. Risks associated with retakaful companies are the counterparty risk of retakaful operators failing to honour their obligations. MAHB Group monitors the retakaful operators' creditworthiness on a monthly basis.

MAHB Group has established appropriate policies and monitoring metrics combined with authority limits as part of risk mitigation activities embedded in the business operations. Annual internal audit reviews are performed to ensure compliance with the MAHB Group's guidelines and standards.

(i) Underwriting Risk

Underwriting risk reflects the risk of loss or adverse impact arising from adverse changes in the actual outcome from the initial underwriting assessment/evaluation, selection, and terms set against underlying assumption/expectation derived in pricing and reserving process.

(ii) Pricing Risk

Pricing risk relates to risk of loss or adverse impact arising from inadequate contribution charged resulting in higher than expected losses and expenses.

(iii) Retakaful Risk

Retakaful risk reflects possible loss or adverse impact arising from retakaful. The scope of this risk category includes retakaful operator and risk mitigating contracts, such as retakaful arrangements. It does not include defaults for financial instruments, which are covered under credit and default risk (in financial risk taxonomy).

(iv) Product Risk

Product risk is a risk of loss or adverse impact arising from the development of new products and management of new and existing products. Product-related risks include enterprise risk, takaful risk, financial risk, operational and IT risk, technology risk, legal risk, compliance risk, Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CFT") risk and Shariah risk.

39. TAKAFUL RISK (CONTD.)

(v) Reserving Risk

Reserving risk is the risk of loss or adverse impact arising from inadequate reserves due to unanticipated loss developments.

(vi) Catastrophe Risk

Catastrophe risk is the risk of loss or adverse changes in the value of underwritten takaful liabilities due to over-exposures to extreme or exceptional events (e.g. pandemic outbreaks, flood, etc.), which can cause an accumulated loss or a single large loss.

(vii) Claims Risk

Claims risk is risk of loss or adverse impact arising from the claims management process which is expected to affect client satisfaction and MAHB Group's reputation.

39. TAKAFUL RISK (CONTD.)

- (i) The tables below disclose General Takaful revenue and allocation of retakaful contributions by line of business:

	2025		
	Takaful revenue RM'000	Allocation of retakaful contributions RM'000	Net RM'000
Takaful certificates issued and retakaful certificates held			
Fire	350,513	(167,421)	183,092
Motor	1,666,029	(21,556)	1,644,473
Marine, Aviation, Cargo and Transit	40,344	(25,988)	14,356
Miscellaneous	406,299	(155,220)	251,079
	2,463,185	(370,185)	2,093,000
2024			
	Takaful revenue RM'000	Allocation of retakaful contributions RM'000	Net RM'000
Takaful certificates issued and retakaful certificates held			
Fire	322,546	(158,847)	163,699
Motor	1,602,739	(18,487)	1,584,252
Marine, Aviation, Cargo and Transit	37,493	(29,633)	7,860
Miscellaneous	326,141	(110,036)	216,105
	2,288,919	(317,003)	1,971,916

All of the General Takaful business is derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Company.

Refer Note 8 and Note 7 for the breakdown of Takaful and retakaful certificate liabilities and assets by line of business, respectively.

(ii) Key assumptions and methods

The Liability for Incurred Claims ("LIC") is estimated as the fulfilment cash flows related to incurred claims. It includes an explicit risk adjustment for non-financial risk and the future cash flows are adjusted for the time value of money by discounting the cash flows using the risk-free yield curves. The ultimate costs of outstanding claims are estimated by using a range of standard actuarial claims projection methodologies, such as the Chain Ladder and Bornhuetter-Ferguson methods.

39. TAKAFUL RISK (CONTD.)

(ii) Key assumptions and methods (contd.)

The main assumption underlying these techniques is that past claims development experience, where appropriate, can be used to project future claims development and, hence the ultimate costs of claims. Historical claims development is analysed by accident period and lines of business. Certain lines of business are also further analysed by type of claim.

The assumptions used in the projection methodologies, including future rates of claims inflation, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example, to reflect any one-off occurrences, changes in external or market factors such as the public perspective towards claiming, legislative changes, judicial decisions and economic conditions, as well as internal factors such as portfolio mix, certificate conditions and claims handling procedures.

Risk adjustment reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of Takaful and retakaful certificates. The inherent uncertainties in estimating the cash flows can arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience. The Company applies a confidence level technique to determine the risk adjustments for non-financial risks of both its Takaful and retakaful certificates. The target confidence level is 75th percentile, in line with the regulatory requirement of Bank Negara Malaysia under the Risk-Based Capital Framework for Takaful Operator.

The unallocated loss adjustment expense ("ULAE") assumptions are derived based on historical claims handling expenses. Loadings are applied to the central estimate of loss to derive the ULAE.

Unallocated loss adjustment expense	2025	2024
ULAE ratio	1.5%	2.0%

(iii) Sensitivity analysis

Using the methods described above, the claims development is extrapolated for each accident year based on the observed development of earlier years. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historical claims.

Illustrative results of sensitivity testing for the General Takaful Fund's claim liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims liabilities and net claims ratio for the financial year. Therefore, the sensitivity analysis has been performed based on reasonably possible movements in the net claims ratio with all other assumptions or key factors held constant, showing the impact on Takaful service result before retakaful certificates held, impact on Takaful service result, impact on equity before retakaful certificate held and impact on equity.

39. TAKAFUL RISK (CONTD.)

(iii) Sensitivity analysis (contd.)

	Change in assumptions %	Impact on takaful service result before retakaful certificates held RM'000	Impact on takaful service results RM'000	Impact on equity before retakaful certificates held* RM'000	Impact on equity* RM'000
		<----- Increase/(decrease) ----->			
2025					
Incurring claims ratio	+ 5%	(121,177)	(98,805)	(92,094)	(75,091)
	- 5%	121,177	98,805	92,094	75,091
Profit rate	+100 basis points	19,134	16,182	14,542	12,299
	-100 basis points	(19,745)	(16,716)	(15,006)	(12,704)
2024					
Incurring claims ratio	+ 5%	(114,322)	(96,088)	(86,884)	(73,027)
	- 5%	114,322	96,088	86,884	73,027
Profit rate	+100 basis points	19,709	17,220	14,979	13,087
	-100 basis points	(20,342)	(17,793)	(15,460)	(13,523)

* It is assumed that the changes in incurred claims ratio and profit rate will not affect surplus distribution. Impact on equity is stated after tax of 24%.

The methods used and significant assumptions made for deriving sensitivity information did not change from the previous year.

39. TAKAFUL RISK (CONTD.)

(iv) Claims development table

(a) Gross claims development table

The management of the Company believes the estimate of total claims liabilities as at the financial year end are adequate. The Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty.

The following tables show the estimates of cumulative incurred claims, including both claims notified and Incurred But Not Reported ("IBNR") for each successive accident year at each reporting date, together with cumulative payments to date.

2025	Before	Accident year					Total	
	2020	2020	2021	2022	2023	2024		2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of ultimate claim costs (gross of retakaful, undiscounted)								
At the end of accident year		1,000,258	1,391,364	1,183,150	1,385,679	1,607,750	1,507,240	
1 year later		973,211	839,987	1,162,458	1,349,548	1,531,234		
2 years later		961,141	837,902	1,157,607	1,329,334			
3 years later		955,936	805,939	1,164,593				
4 years later		937,853	805,880					
5 years later		926,158						
Cumulative gross claims and other directly attributable expenses paid		836,750	732,515	1,045,659	1,150,642	1,085,056	649,285	
Gross cumulative claims liabilities - accident years from 2020 to 2025	-	89,408	73,365	118,934	178,692	446,178	857,955	1,764,532
Gross cumulative claims liabilities - prior accident years	30,925	-	-	-	-	-	-	30,925
Effect of discounting	(230)	(753)	(1,347)	(3,373)	(5,655)	(15,108)	(30,301)	(56,767)
Effect of the risk adjustment margin for non-financial risk	2,541	3,816	6,515	10,412	14,326	36,179	67,403	141,192
Trade balances and others*	-	-	-	-	-	-	638,078	638,078
Gross LIC for the certificates originated	33,236	92,471	78,533	125,973	187,363	467,249	1,533,135	2,517,960

* Includes surplus payable to participants and Shareholder's Fund and unallocated surplus.

39. TAKAFUL RISK (CONTD.)

(iv) Claims development table (contd.)

(a) Gross claims development table (contd.)

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. (contd.)

2024	Before	Accident year						Total
	2019	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of ultimate claim costs (gross of retakaful, undiscounted)								
At the end of accident year		946,499	1,000,258	1,391,364	1,183,150	1,385,679	1,553,391	
1 year later		924,486	973,211	839,987	1,162,458	1,314,809		
2 years later		909,997	961,141	837,902	1,126,833			
3 years later		919,888	955,936	816,810				
4 years later		921,058	950,335					
5 years later		922,450						
Cumulative gross claims and other directly attributable expenses paid		867,147	822,955	712,732	911,383	928,199	608,911	
Gross cumulative claims liabilities - accident years from 2019 to 2024	-	55,303	127,380	104,078	215,450	386,610	944,480	1,833,301
Gross cumulative claims liabilities - prior accident years	28,913	-	-	-	-	-	-	28,913
Effect of discounting	(358)	(1,457)	(2,027)	(3,046)	(8,529)	(15,741)	(33,257)	(64,415)
Effect of the risk adjustment margin for non- financial risk	2,880	5,451	9,747	11,136	23,453	38,498	78,564	169,729
Trade balances and others*	-	-	-	-	-	-	454,305	454,305
Gross LIC for the certificates originated	31,435	59,297	135,100	112,168	230,374	409,367	1,444,092	2,421,833

* Includes surplus payable to participants and Shareholder's Fund and unallocated surplus.

39. TAKAFUL RISK (CONTD.)

(iv) Claims development table (contd.)

(b) Net claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. (contd.)

2025	Before	Accident year						Total
	2020	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of ultimate claim costs (net of retakaful, undiscounted)								
At the end of accident year		906,151	723,067	1,103,414	1,268,592	1,410,139	1,365,395	
1 year later		867,718	760,387	1,099,103	1,230,800	1,372,282		
2 years later		775,100	758,261	1,106,765	1,242,366			
3 years later		763,270	723,411	1,107,624				
4 years later		748,518	723,391					
5 years later		738,725						
Cumulative net claims and other directly attributable expenses paid		704,831	674,183	1,018,454	1,094,115	1,043,027	647,118	
Net cumulative claims liabilities - accident years from 2020 to 2025	-	33,894	49,208	89,170	148,251	329,255	718,277	1,368,055
Net cumulative claims liabilities - prior accident years	18,049	-	-	-	-	-	-	18,049
Effect of discounting	(230)	(753)	(1,280)	(2,889)	(5,118)	(12,334)	(25,528)	(48,132)
Effect of the risk adjustment margin for non-financial risk	1,598	2,936	4,391	7,883	13,117	28,268	58,612	116,805
Trade balances and others*	-	-	-	-	-	-	694,553	694,553
Net LIC for the certificates originated	19,417	36,077	52,319	94,164	156,250	345,189	1,445,914	2,149,330

* Includes surplus payable to participants and Shareholder's Fund and unallocated surplus.

39. TAKAFUL RISK (CONTD.)

(iv) Claims development table (contd.)

(b) Net claims development table (contd.)

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. (contd.)

2024	Before	Accident year						Total
	2019	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of ultimate claim costs (net of retakaful, undiscounted)								
At the end of accident year		913,618	906,151	723,067	1,103,414	1,268,592	1,358,370	
1 year later		895,213	867,718	760,387	1,099,103	1,213,351		
2 years later		878,593	775,100	758,261	1,054,862			
3 years later		887,150	763,270	734,251				
4 years later		894,489	761,837					
5 years later		896,589						
Cumulative net claims and other directly attributable expenses paid		847,979	701,819	657,875	868,580	907,858	602,209	
Net cumulative claims liabilities - accident years from 2019 to 2024	-	48,610	60,018	76,376	186,282	305,493	756,161	1,432,940
Net cumulative claims liabilities - prior accident years	17,908	-	-	-	-	-	-	17,908
Effect of discounting	(330)	(1,438)	(1,882)	(2,841)	(8,048)	(13,926)	(28,060)	(56,525)
Effect of the risk adjustment margin for non-financial risk	2,148	4,966	6,214	8,620	20,906	33,336	62,595	138,785
Trade balances and others*	-	-	-	-	-	-	519,789	519,789
Net LIC for the certificates originated	19,726	52,138	64,350	82,155	199,140	324,903	1,310,485	2,052,897

* Includes surplus payable to participants and Shareholder's Fund and unallocated surplus.

40. FINANCIAL RISKS

(i) Credit and Default Risk

Credit and default risk refers to the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms. It stems primarily from lending, trading and investment activities from both on-and off-balance sheet transactions.

Credit spread risk and ultimately default risk result from the intrinsic quality of the issuer of debt securities and the impact it has on the value of assets of these instruments. Changes in the level or in the volatility of both spreads as a result of changes in the underlying credit quality define the risk of investment default.

Credit risk arises when a counterparty is no longer able to pay its contractual obligations. Key areas of credit risk include counterparty risk, country risk, concentration risk, settlement risk and issuer risk. The Company's exposure to credit risk arises mainly from assets (fixed income and equities) and retakaful.

The Company measures and manages its credit risk following the philosophies and principles below:

- (a) The Risk Management and Investment Management Department actively monitor the counterparty exposure to prevent undue concentration by ensuring its credit portfolio is diversified and marketable;
- (b) The asset management research team adopts a prudent position in the selection of fixed income investments;
- (c) The Risk Management Department establishes limits on maximum credit exposures. The credit limit for a counterparty is based on the counterparty's credit quality and aligned to the risk appetite; and
- (d) The Risk Management Department uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit Exposure

The table below shows the maximum exposure to credit risk for the components of the statements of financial position and items such as future commitments and contract assets. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreement.

	General Takaful Fund RM'000	Company RM'000
2025		
Financial assets at FVTPL:		
- Designated upon initial recognition		
Unquoted debt securities in Malaysia	13,210	13,210
Financial assets at FVOCI:		
Malaysian government papers	21,326	62,741
Unquoted debt securities in Malaysia	2,402,169	3,994,788
Unquoted debt securities outside Malaysia	8,117	64,154
Negotiable instrument deposit	114,399	114,399
Financial assets at AC:		
Islamic investment accounts with:		
Licensed financial institutions	220,671	528,480
Other licensed financial institutions	240,379	510,927
Financing receivables	-	647
Retakaful certificate assets and takaful certificate assets*	172,549	172,549
Other assets**	29,145	51,274
Derivatives	337	1,954
Cash and bank balances	112,900	112,905
	<u>3,335,202</u>	<u>5,628,028</u>

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

*** There is no petty cash as at 31st December 2025.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit Exposure (contd.)

The table below shows the maximum exposure to credit risk for the components of the statements of financial position and items such as future commitments and contract assets. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreement. (contd.)

	General Takaful Fund RM'000	Company RM'000
2024		
Financial assets at FVTPL:		
- Designated upon initial recognition		
Unquoted debt securities in Malaysia	13,369	13,369
Financial assets at FVOCI:		
Malaysian government papers	92,754	186,743
Unquoted debt securities in Malaysia	2,089,066	3,461,604
Financial assets at AC:		
Islamic investment accounts with:		
Licensed financial institutions	351,854	810,440
Other licensed financial institutions	322,514	528,670
Financing receivables	-	826
Retakaful certificate assets and takaful certificate assets*	160,857	160,857
Other assets**	28,817	49,139
Derivatives	^ -	^^ -
Cash and bank balances***	51,603	51,855
	<u>3,110,834</u>	<u>5,263,503</u>

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

*** Excluding petty cash.

^ Representing RM122.

^^ Representing RM190.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit quality of financial assets

The four (4) risks categories as set out and defined below, from very low to high, apart from impaired, describe the credit quality of the Company's financial assets. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

Risk Category	Probability of default ("PD") grade	External credit ratings based on S&P's ratings	External credit ratings based on RAM's ratings
Very low	1 – 5	AAA to A-	AAA to AA1
Low	6 – 10	A- to BB+	AA1 to A3
Medium	11 – 15	BB+ to B+	A3 to BB1
High	16 – 21	B+ to CCC	BB1 to C

Risk categories are as described below:

Very low : Obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.

Low : Obligors rated in this category have a good capacity to meet financial commitments with low credit risk.

Medium : Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.

High : Obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.

Other than the above rated risk categories, other categories used internally are as follows:

Impaired/ defaulted : Obligors with objective evidence of impairment as a result of one or more events that have an impact on the estimated future cash flows of the obligors that can be reliably estimated. The detailed definition is further disclosed in Note 2.2(v)(a).

Unrated : Refer to obligors which are currently not assigned with obligors' ratings due to unavailability of ratings models.

Sovereign : Refer to obligors which are governments and/or government-related agencies.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure by rating

The table below provides information regarding the credit risk exposure of the General Takaful Fund by classifying financial assets according to the risk categories:

General Takaful Fund

	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2025							
Financial assets at FVTPL:							
(i) Designated upon initial recognition							
Debt securities	-	-	13,210	-	-	-	13,210
Financial assets at FVOCI:							
Malaysian government papers	21,326	-	-	-	-	-	21,326
Debt securities	382,026	959,370	1,015,875	53,015	-	-	2,410,286
NICD	-	114,399	-	-	-	-	114,399
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	220,671	-	-	-	-	220,671
Other licensed financial institutions	-	167,749	72,630	-	-	-	240,379
Retakaful certificate assets and takaful certificate assets*	-	2,475	3,510	7	-	166,557	172,549
Other assets**	5,226	10,982	11,468	431	-	1,038	29,145
Derivative assets	-	337	-	-	-	-	337
Cash and bank balances***	-	64,659	48,241	-	-	-	112,900
	408,578	1,540,642	1,164,934	53,453	-	167,595	3,335,202

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

*** There is no petty cash as at 31st December 2025.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure of rating (contd.)

The table below provides information regarding the credit risk exposure of the General Takaful Fund by classifying financial assets according to the risk categories (contd.):

General Takaful Fund (contd.)

	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2024							
Financial assets at FVTPL:							
(i) Designated upon initial recognition							
Debt securities	-	-	13,369	-	-	-	13,369
Financial assets at FVOCI:							
Malaysian government papers	92,754	-	-	-	-	-	92,754
Debt securities	408,244	851,194	799,739	29,889	-	-	2,089,066
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	336,211	15,643	-	-	-	351,854
Other licensed financial institutions	-	239,402	83,112	-	-	-	322,514
Retakaful certificate assets and takaful certificate assets*	-	-	88	4,753	-	156,016	160,857
Other assets**	6,823	11,365	9,462	321	-	846	28,817
Derivative assets	-	-	-	-	-	^ -	^ -
Cash and bank balances***	-	16,390	34,668	-	-	545	51,603
	<u>507,821</u>	<u>1,454,562</u>	<u>956,081</u>	<u>34,963</u>	<u>-</u>	<u>157,407</u>	<u>3,110,834</u>

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

*** Excluding petty cash.

^ Representing RM122.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure of rating (contd.)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the risk categories (contd.):

Company	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2025							
Financial assets at FVTPL:							
(i) Designated upon initial recognition							
Debt securities	-	-	13,210	-	-	-	13,210
Financial assets at FVOCI:							
Malaysian government papers	62,741	-	-	-	-	-	62,741
Debt securities	503,616	1,776,869	1,720,471	57,986	-	-	4,058,942
NICD	-	114,399	-	-	-	-	114,399
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	528,480	-	-	-	-	528,480
Other licensed financial institutions	-	418,297	92,630	-	-	-	510,927
Financing receivables	-	-	-	-	-	647	647
Retakaful certificate assets and takaful certificate assets*	-	2,475	3,510	7	-	166,557	172,549
Other assets**	6,998	22,533	19,044	447	-	2,252	51,274
Derivative assets	-	1,954	-	-	-	-	1,954
Cash and bank balances***	-	64,664	48,241	-	-	-	112,905
	573,355	2,929,671	1,897,106	58,440	-	169,456	5,628,028

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

*** There is no petty cash as at 31st December 2025.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure of rating (contd.)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the risk categories (contd.):

Company (contd.)

	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2024							
Financial assets at FVTPL:							
(i) Designated upon initial recognition							
Debt securities	-	-	13,369	-	-	-	13,369
Financial assets at FVOCI:							
Malaysian government papers	186,743	-	-	-	-	-	186,743
Debt securities	611,359	1,535,957	1,274,468	39,820	-	-	3,461,604
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	784,797	25,643	-	-	-	810,440
Other licensed financial institutions	-	445,559	83,111	-	-	-	528,670
Financing receivables	-	-	-	-	-	826	826
Retakaful certificate assets and takaful certificate assets*	-	-	88	4,753	-	156,016	160,857
Other assets**	10,470	21,344	15,093	474	-	1,758	49,139
Derivative assets	-	-	-	-	-	^ -	^ -
Cash and bank balances***	-	16,642	34,668	-	-	545	51,855
	808,572	2,804,299	1,446,440	45,047	-	159,145	5,263,503

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

*** Excluding petty cash.

^ Representing RM190.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account

Significant increase in credit risk

The Company apply the General Approach or 'three-stage' approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of ECL is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective interest rate ("EIR") method with the forward looking element to compute the ECL.

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date. These include the establishment of staging criteria to each stage, debt rating deterioration threshold and a waterfall approach are to determine the credit rating as at origination date and as at reporting date in accordance to the Maybank Group's ECL model for debt securities portfolio.

Expected credit loss

The Company assess the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. Given the impairment policy, the probability of default for new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial assets. A newly purchased or originated financial asset will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Company is required to estimate the probability of default occurring in the 12 month after the reporting date and in each subsequent year throughout the expected lives of the financial instruments. The lifetime ECL allowance measured for the Company during the year were mainly in respect of debt securities classified as Watchlist ("WL") or which have been downgraded as at the reporting date.

For a financial asset which is determined to be a credit-impaired debt security under Stage 3, the ECL calculation will be based on objective evidence of impairment.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The table below shows the fair value of the General Takaful Fund financial assets measured by credit risk, based on the risk categories.

General Takaful Fund

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
2025				
Financial assets at FVOCI				
Sovereign	403,352	-	-	403,352
Very low	1,073,769	-	-	1,073,769
Low	961,754	54,121	-	1,015,875
Medium	53,015	-	-	53,015
Total carrying amount	2,491,890	54,121	-	2,546,011
Total ECL	(684)	(257)	-	(941)
2024				
Financial assets at FVOCI				
Sovereign	500,997	-	-	500,997
Very low	851,194	-	-	851,194
Low	663,591	136,150	-	799,741
Medium	29,888	-	-	29,888
Total carrying amount	2,045,670	136,150	-	2,181,820
Total ECL	(195)	(543)	-	(738)

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The table below shows the fair value of the Company's financial assets measured by credit risk, based on the risk categories. (contd.)

Company

Stage 1	Stage 2	Stage 3	
12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
RM'000	RM'000	RM'000	RM'000

2025

Financial assets at FVOCI

Sovereign	566,357	-	-	566,357
Very low	1,891,268	-	-	1,891,268
Low	1,639,671	80,800	-	1,720,471
Medium	57,986	-	-	57,986
Total carrying amount	4,155,282	80,800	-	4,236,082

Total ECL	(1,119)	(364)	-	(1,483)
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2024

Financial assets at FVOCI

Sovereign	798,102	-	-	798,102
Very low	1,535,957	-	-	1,535,957
Low	1,091,325	183,142	-	1,274,467
Medium	39,821	-	-	39,821
Total carrying amount	3,465,205	183,142	-	3,648,347

Total ECL	(323)	(752)	-	(1,075)
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40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The movements in allowance for impairment losses for financial assets at FVOCI are as follows:

Stage 1	Stage 2	Stage 3	Total
12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
RM'000	RM'000	RM'000	RM'000

General Takaful Fund

2025

Financial assets at FVOCI

At 1 January 2025	195	543	-	738
Writeback/(adjustment) of loss allowance	249	(157)	-	92
New financial assets originated or purchased	248	-	-	248
Financial assets derecognised during the financial year	(8)	(129)	-	(137)
Allowance for impairment losses during the financial year (Note 22)	489	(286)	-	203
At 31 December 2025	684	257	-	941

2024

Financial assets at FVOCI

At 1 January 2024	437	694	-	1,131
Net adjustment of loss allowance	(265)	(148)	-	(413)
New financial assets originated or purchased	30	-	-	30
Financial assets derecognised during the financial year	(10)	-	-	(10)
Changes due to change in credit risk	3	(3)	-	-
Allowance for impairment losses during the financial year (Note 22)	(242)	(151)	-	(393)
At 31 December 2024	195	543	-	738

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The movements in allowance for impairment losses for financial assets at FVOCI are as follows (contd.):

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
Company				
2025				
Financial assets at FVOCI				
At 1 January 2025	323	752	-	1,075
Writeback/(adjustment) of loss allowance	413	(225)	-	188
New financial assets originated or purchased	393	-	-	393
Financial assets derecognised during the financial year	(10)	(163)	-	(173)
Allowance for impairment losses during the financial year (Note 22)	796	(388)	-	408
At 31 December 2025	<u>1,119</u>	<u>364</u>	<u>-</u>	<u>1,483</u>
2024				
Financial assets at FVOCI				
At 1 January 2024	705	959	-	1,664
Net adjustment of loss allowance	(424)	(204)	-	(628)
New financial assets originated or purchased	63	-	-	63
Financial assets derecognised during the financial year	(24)	-	-	(24)
Changes due to change in credit risk	3	(3)	-	-
Allowance for impairment losses during the financial year (Note 22)	(382)	(207)	-	(589)
At 31 December 2024	<u>323</u>	<u>752</u>	<u>-</u>	<u>1,075</u>

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Other financial assets - Reconciliation of allowance account

The Company applied the Simplified Approach where the ECL is measured at initial recognition of other financial assets using a provision matrix based on historical data or also known as the roll rate approach. Estimation of credit losses will use a provision matrix where takaful and retakaful receivables are grouped based on different sales channels and different retakaful arrangements respectively with forward looking elements being applied to it.

Movements in gross carrying value and allowances for impairment losses recognised for not credit impaired and credit impaired other financial assets are as follows:

	<-----Not credit-impaired----->		<-----Credit-impaired----->		<-----Total----->	
	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000
General Takaful Fund						
<u>Gross carrying amount</u>						
At 1 January 2024	63,578	33,926	39,783	-	103,361	33,926
Increase/(decrease)	7,612	(5,109)	53,316	-	60,928	(5,109)
At 31 December 2024	71,190	28,817	93,099	-	164,289	28,817
Increase/(decrease)	32,396	328	(22,711)	-	9,685	328
At 31 December 2025	103,586	29,145	70,388	-	173,974	29,145
<u>Lifetime ECL</u>						
At 1 January 2024	333	-	1,796	-	2,129	-
Increase	167	-	1,136	-	1,303	-
At 31 December 2024	500	-	2,932	-	3,432	-
Decrease	(260)	-	(1,747)	-	(2,007)	-
At 31 December 2025	240	-	1,185	-	1,425	-

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Other financial assets - Reconciliation of allowance account (contd.)

The Company applied the Simplified Approach where the ECL is measured at initial recognition of other financial assets using a provision matrix based on historical data or also known as the roll rate approach. Estimation of credit losses will use a provision matrix where takaful and retakaful receivables are grouped based on different sales channels and different retakaful arrangements respectively with forward looking elements being applied to it. (contd.)

Movements in gross carrying value and allowances for impairment losses recognised for not credit impaired and credit impaired other financial assets are as follows: (contd.)

	←-----Not credit-impaired-----→			←-----Credit-impaired-----→			←-----Total-----→		
	Financing receivables RM'000	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000	Financing receivables RM'000	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000	Financing receivables RM'000	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000
Company									
<u>Gross carrying amount</u>									
At 1 January 2024	648	63,578	57,166	-	39,783	-	648	103,361	57,166
Increase/(decrease)	178	7,612	(5,536)	-	53,316	-	178	60,928	(5,536)
At 31 December 2024	826	71,190	51,630	-	93,099	-	826	164,289	51,630
(Decrease)/increase	(179)	32,396	7	-	(22,711)	-	(179)	9,685	7
At 31 December 2025	647	103,586	51,637	-	70,388	-	647	173,974	51,637
<u>Lifetime ECL</u>									
At 1 January 2024	-	333	362	-	1,796	-	-	2,129	362
Increase/(decrease)	-	167	-	-	1,136	-	-	1,303	-
At 31 December 2024	-	500	362	-	2,932	-	-	3,432	362
(Decrease)/increase	-	(260)	1	-	(1,747)	-	-	(2,007)	1
At 31 December 2025	-	240	363	-	1,185	-	-	1,425	363

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.

** Excluding non-financial assets such as prepayments and deposits.

40. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Other financial assets - Reconciliation of allowance account (contd.)

Movements in allowance for impairment losses for other financial assets are as follows:

Company	Retakaful certificate assets and Takaful certificate assets RM'000	Other assets RM'000 (Note 9)	Total RM'000
2025			
At 1 January 2025	3,432	362	3,794
(Writeback)/adjustment of loss allowance	(2,007)	1	(2,006)
At 31 December 2025	1,425	363	1,788
2024			
At 1 January 2024	2,129	362	2,491
Net adjustment of loss allowance	1,303	-	1,303
At 31 December 2024	3,432	362	3,794

Financial Effects of Collateral Held

The main types of collateral held as security by the Company to mitigate credit risk are as follows:

Type of financing receivables	Types of collateral
Corporate financing	Charges over properties, lands being financed and bank guarantees
Secured staff financing	Charges over residential properties and vehicles

The financial effects of collateral, which represents the quantification of the extent to which collateral and other credit enhancements mitigate credit risk, held for financing receivables is 100% at 31 December 2025 (2024: 100%). The financing receivables after accounting for ECL, amounted to RM647,000 as at 31 December 2025 (2024: RM826,000).

40. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk

Liquidity risk is the risk of an adverse impact to the firm's financial condition or overall safety and soundness that could arise from their inability (or perceived inability) or unexpected higher cost to meet obligations. Generally, there are two types of liquidity risks, 1) funding liquidity risk and 2) market liquidity risk.

Funding liquidity risk is the risk that the Company will not be able to meet both expected and unexpected current and future cash flow and collateral needs effectively without affecting either daily operations or the financial condition of the Company.

Market liquidity risk is the risk that the Company cannot easily offset or eliminate the position at market price because of inadequate market depth or market disruption.

The objective of liquidity risk management is to have sufficient availability of cash to meet participants' liabilities, such as claims and financial obligations to other contract holders without endangering the business financials due to constraints on liquidating assets.

The Company measure and manage liquidity risk following the philosophies and principles below:

- (a) The Risk Management and Investment Management Departments actively monitor the cash flows associated and derived from assets and liabilities of the Company through the ALCO platform;
- (b) The Investment Management Department ensures that reasonable liquidity is maintained for assets held at all times; and
- (c) The Risk Management Department uses Key Risk Indicators ("KRI") to alert the management to impending problems in a timely manner.

Maturity Profiles

The following table summarises the Maturity Profile of the financial assets, and financial liabilities and Takaful assets/liabilities of the Company based on remaining undiscounted contractual obligations, including profit payable and receivable. For Takaful certificates liabilities and retakaful assets, Maturity Profiles are determined based on the estimated timing of net cash outflows of the recognised takaful liabilities.

40. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
General Takaful Fund						
2025						
Financial assets:						
FVTPL	182,831	10,473	3,286	-	169,502	183,261
FVOCI	2,575,463	327,459	1,683,024	1,201,606	29,452	3,241,541
AC	461,050	461,050	-	-	-	461,050
Retakaful certificate assets, net [^]	368,122	254,790	121,814	697	-	377,301
Other assets*	29,145	29,145	-	-	-	29,145
Derivative assets	337	337	-	-	-	337
Cash and bank balances**	112,900	-	-	-	112,900	112,900
Total assets	3,729,848	1,083,254	1,808,124	1,202,303	311,854	4,405,535
Takaful certificate liabilities, net [^]	1,870,230	1,142,075	765,746	24,073	-	1,931,894
Other liabilities	197,154	197,154	-	-	-	197,154
Total liabilities	2,067,384	1,339,229	765,746	24,073	-	2,129,048

* Excluding non-financial assets such as prepayments and deposits.

** There is no petty cash as at 31st December 2025.

[^] Including AIC, net of impairment.

^{^^} Including LIC, net of impairment.

Other non-financial assets and liabilities of the General Takaful fund are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

40. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
General Takaful Fund (contd.)						
2024						
Financial assets:						
FVTPL	152,687	3,756	10,282	-	139,318	153,356
FVOCI	2,223,406	151,842	1,412,273	1,368,593	41,586	2,974,294
AC	674,368	674,368	-	-	-	674,368
Retakaful certificate assets, net [^]	368,439	276,610	99,662	694	-	376,966
Other assets*	28,817	28,817	-	-	-	28,817
Derivative assets	^^ -	^^ -	-	-	-	^^ -
Cash and bank balances**	51,603	-	-	-	51,603	51,603
Total assets	3,499,320	1,135,393	1,522,217	1,369,287	232,507	4,259,404
Takaful certificate liabilities, net ^{^^}	1,965,715	1,220,439	787,824	28,499	-	2,036,762
Other liabilities	151,183	151,183	-	-	-	151,183
Total liabilities	2,116,898	1,371,622	787,824	28,499	-	2,187,945

* Excluding non-financial assets such as prepayments and deposits.

** Excluding petty cash.

[^] Including AIC, net of impairment.

^{^^} Including LIC, net of impairment.

^{^^^} Representing RM122.

Other non-financial assets and liabilities of the General Takaful fund are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

40. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Company	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2025						
Financial assets:						
FVTPL	362,741	10,473	3,286	-	349,277	363,036
FVOCI	4,299,455	489,740	2,972,234	1,816,706	63,373	5,342,053
AC	1,039,407	1,039,407	-	-	-	1,039,407
Financing receivables	647	203	482	-	-	685
Retakaful certificate assets, net [^]	368,122	254,790	121,814	697	-	377,301
Other assets*	51,274	51,274	-	-	-	51,274
Derivative assets	1,954	1,954	-	-	-	1,954
Cash and bank balances	112,905	-	-	-	112,905	112,905
Total assets	6,236,505	1,847,841	3,097,816	1,817,403	525,555	7,288,615
Takaful certificate liabilities, net [^]	1,884,600	1,149,997	772,481	24,335	-	1,946,813
Other liabilities	342,497	342,497	-	-	-	342,497
Total liabilities	2,227,097	1,492,494	772,481	24,335	-	2,289,310

* Excluding non-financial assets such as prepayments and deposits.

** There is no petty cash as at 31st December 2025.

[^] Including AIC, net of impairment.

[^] Including LIC, net of impairment.

Other non-financial assets and liabilities of the Company are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

40. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Company (contd.)	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
Financial assets:						
FVTPL	285,591	3,756	10,283	-	272,221	286,260
FVOCI	3,739,801	265,980	2,436,634	2,168,871	91,454	4,962,939
AC	1,339,110	1,339,110	-	-	-	1,339,110
Financing receivables	826	256	597	-	-	853
Retakaful certificate assets, net [^]	368,439	276,610	99,662	694	-	376,966
Other assets*	49,139	49,139	-	-	-	49,139
Derivative assets	^^ -	^^ -	-	-	-	^^ -
Cash and bank balances**	51,855	-	-	-	51,855	51,855
Total assets	5,834,761	1,934,851	2,547,176	2,169,565	415,530	7,067,122
Takaful certificate liabilities, net [^]	1,984,873	1,230,802	797,069	28,886	-	2,056,757
Other liabilities	271,942	271,942	-	-	-	271,942
Total liabilities	2,256,815	1,502,744	797,069	28,886	-	2,328,699

* Excluding non-financial assets such as prepayments and deposits.

** Excluding petty cash.

[^] Including AIC, net of impairment.

^{^^} Including LIC, net of impairment.

^{^^^} Representing RM190.

Other non-financial assets and liabilities of the Company are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

40. FINANCIAL RISKS (CONTD.)

(iii) Market Risk

Market risk is the risk of losses on financial investments caused by adverse price movements.

There are four primary sources of risk that affect the overall market:

- (a) Foreign Exchange Risk;
- (b) Profit Rate Risk (including the credit spread risk);
- (c) Equity Price Risk; and
- (d) Property Risk.

The Company has three main key features with respect to their Market Risk management practices and policies:

- (a) The Company's policies on asset allocation, portfolio limit structure and diversification benchmarks have been set in line with the Company's risk management policies and risk appetite after taking into consideration of regulatory requirements with respect to the maintenance of assets and solvency.
- (b) Compliance to policies are monitored, exposures and breaches are reported as soon as practicable.
- (c) Strict controls exist for derivative transactions; such transactions are only permitted for hedging purposes and not for speculative purposes.

The Company's exposure to market risk for this business is limited to the extent that income arising from asset management charges is based on the value of the assets in the funds.

(a) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally with respect to Chinese Renminbi and US Dollar.

As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia as required under the Islamic Financial Services Act 2013, and hence, primarily denominated in the same currency (the local "RM") as its takaful certificate liabilities.

40. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(a) Foreign Exchange Risk (contd.)

The Company's main foreign exchange risk from recognised assets and liabilities arises from retakaful transactions for which the balances are expected to be settled and realised in less than a year. Accordingly, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant concentration of foreign currency risk.

(b) Profit Rate Risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument or Takaful certificate or retakaful certificate will fluctuate because of changes in market profit rates.

Profit rate risks arises from exposures to profit rate related assets and liabilities. It is also known as asset-liability mismatch ("ALM") risk. It is mainly driven by the volatility of future cash flows. The quantum is also proxied to the duration mismatch between the assets and the liabilities of the Company.

The Company measures and manages profit rate risk mainly based on the following four philosophies and principles, as below:

- (a) Risk Management Department sets the limits for asset duration in line with the Company's risk appetite;
- (b) Investment Management Department actively aims to match the asset duration with the liability duration, without compromising credit quality;
- (c) The Risk Management uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner; and
- (d) Risk Management Department monitors the asset duration in accordance with the limits set, as well as the duration gap to the liability duration.

There is no direct contractual relationship between financial assets and Takaful certificates. However, the Company's profit rate risk policy requires it to manage the extent of net profit rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the Takaful certificates liabilities. The certificate also requires it to manage the maturities of profit bearing financial assets.

The Company's exposure to profit rate risk sensitive Takaful and retakaful certificates and financial instruments are, as follows:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

40. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Profit Rate Risk (contd.)

		<u>2025</u>	
		Impact on carrying value RM'000	Impact on participants' fund* RM'000
Changes in variables		<------(Decrease)/Increase----->	
General Takaful Fund			
Financial Assets at	+100 basis points	(90)	(69)
FVTPL	-100 basis points	92	70
Financial Assets at	+100 basis points	(125,255)	(95,194)
FVOCI	-100 basis points	138,396	105,181
Financial Assets at AC	+100 basis points	(774)	(588)
	-100 basis points	747	568

* Impact on participants' fund is stated net of corporate tax of 24%.

		<u>2025</u>	
		Impact on carrying value RM'000	Impact on profit/equity* RM'000
Changes in variables		<------(Decrease)/Increase----->	
Company			
Financial Assets at	+100 basis points	(90)	(24)
FVTPL	-100 basis points	92	24
Financial Assets at	+100 basis points	(197,827)	(150,349)
FVOCI	-100 basis points	222,163	168,844
Financial Assets at AC	+100 basis points	(2,058)	(1,181)
	-100 basis points	1,981	1,136

* Impact on Company's profit/equity is stated net of corporate tax of 24%.

* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities and Government Investment Issues).

40. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Profit Rate Risk (contd.)

		2024	
		Impact on carrying value RM'000	Impact on participants' fund* RM'000
Changes in variables		<------(Decrease)/Increase----->	
General Takaful Fund			
Financial Assets at FVTPL	+100 basis points	(280)	(213)
	-100 basis points	8	6
Financial Assets at FVOCI	+100 basis points	(128,519)	(97,675)
	-100 basis points	143,568	109,112
Financial Assets at AC	+100 basis points	(1,913)	(1,454)
	-100 basis points	1,873	1,423

* Impact on participants' fund is stated net of corporate tax of 24%.

		2024	
		Impact on carrying value RM'000	Impact on profit/equity* RM'000
Changes in variables		<------(Decrease)/Increase----->	
Company			
Financial Assets at FVTPL	+100 basis points	(280)	(53)
	-100 basis points	8	2
Financial Assets at FVOCI	+100 basis points	(209,601)	(159,297)
	-100 basis points	234,103	177,918
Financial Assets at AC	+100 basis points	(4,526)	(2,349)
	-100 basis points	4,457	2,320

* Impact on Company's profit/equity is stated net of corporate tax of 24%.

* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities and Government Investment Issues).

40. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk

Equity price risk is the risk that the fair value of an equity instrument or Takaful certificate or retakaful certificate assets and/or liabilities would fluctuate because of changes in its market prices whether those changes are caused by factors specific to the individual equity instruments or its issuer or factors affecting similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in equities' market prices.

The Company's risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each country, sector, and market, having regard to also such limits stipulated by BNM. A cut loss mechanism is also put in place to minimise the loss that may occur over time.

The Company's exposure to equity price risk sensitive Takaful and retakaful certificates and equity instruments are, as follows:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

Market Index

		2025		
		Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on participants' fund* RM'000
Change in market indices		<-----Increase/(Decrease)----->		
General Takaful Fund				
Financial Instruments	+10%	16,962	16,962	12,891
at FVTPL	-10%	(16,962)	(16,962)	(12,891)
Financial Instruments	+10%	2,945	-	2,238
at FVOCI	-10%	(2,945)	-	(2,238)

* Impact on participants' fund is stated net of corporate tax of 24%.

		2025		
		Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
Change in market indices		<-----Increase/(Decrease)----->		
Company				
Financial Instruments	+10%	34,953	25,624	19,474
at FVTPL	-10%	(34,953)	(25,624)	(19,474)
Financial Instruments	+10%	6,337	-	4,816
at FVOCI	-10%	(6,337)	-	(4,816)

* Impact on Company's equity is stated net of corporate tax of 24%.

* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities and Government Investment Issues).

40. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk (contd.)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant. (contd.)

Market Index (contd.)

	Change in market indices	2024		
		Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on participants' fund* RM'000
<-----Increase/(Decrease)----->				
General Takaful Fund				
Financial Instruments at FVTPL	+10%	13,932	13,932	10,588
	-10%	(13,932)	(13,932)	(10,588)
Financial Instruments at FVOCI	+10%	4,159	-	3,161
	-10%	(4,159)	-	(3,161)

* Impact on participants' fund is stated net of corporate tax of 24%.

	Change in market indices	2024		
		Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
<-----Increase/(Decrease)----->				
Company				
Financial Instruments at FVTPL	+10%	27,222	16,773	12,748
	-10%	(27,222)	(16,773)	(12,748)
Financial Instruments at FVOCI	+10%	9,145	-	6,950
	-10%	(9,145)	-	(6,950)

* Impact on Company's equity is stated net of corporate tax of 24%.

* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities and Government Investment Issues).

(iv) Property Risk

Property risk is the possibility of financial loss occurring as the result of owning a real estate investment. Property risk might arise from such things as liability, legal issues, partner problems that can force a sale, fire or theft, loss of rental income and purchasing property with an imperfect title.

(v) Concentration Risk

Concentration risk as its name suggest, is the risk of over concentration in any type of market risk, liquidity risk and credit risk. Risk concentration can materialise from excessive exposures to single counterparty and persons connected to it, a particular instrument or a particular market segment/sector.

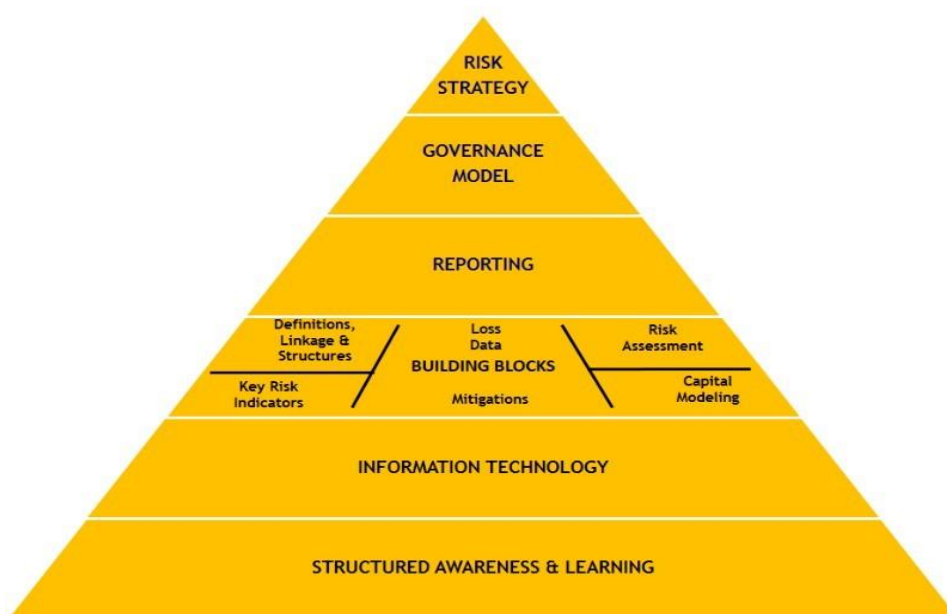
The Company's quantitative controls to manage concentration risk is through diversification. A minimum level of diversification is realised by observing the single counterparty limits. The single counterparty exposure limit represents maximum concentration of a particular counterparty. The limit exists for each asset class as well as across all investment assets, retakaful and derivative counterparty.

41. NON-FINANCIAL RISKS (OPERATIONAL RISKS)

Non-financial risk management is a discipline of systematically identifying the causes of failures in the organisation's day-to-day operations, assessing the risk of loss and taking the appropriate action to minimise the impact of such loss.

Non-financial risk is the risk of loss arising from operational events and/or external factors that could result in monetary losses or negative impact in brand value and stakeholder's perception.

Non-financial risk management methodology comprise of the components summarised in diagram below.



The nature and extent of operational risk can shift quickly in response to changes in people, organisational structure, processes, systems, products, customers or business environments. Hence, continuous review and monitoring of the risks and the control effectiveness is vital for an effective non-financial risk management.

To facilitate this process, specific tools and methodologies are employed to identify, assess and measure, control, monitor and report the operational risks that affect MAHB Group.

Non-Financial Risk Taxonomy

(i) Internal Fraud

Losses due to illegal acts (explicitly prohibited by the internal policies/guidelines or external regulations/law provisions) committed by employees. It also includes fraudulent activities/theft perpetrated by employees or in collusion with external party against the company/organisation.

41. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(ii) External Fraud

Losses due to fraudulent activities/theft perpetrated by third party against the company/organisation. External fraud could arise from system security risk, i.e. failure to provide a secure system platform or an activity/incident that can and will threaten the integrity of a system, which will in turn affect the reliability and privacy of data.

(iii) Employment Practices and Workplace Safety

(a) Employee relations - failure to maintain positive employer-employee relationships that contributes to unsatisfactory productivity, demotivation and low morale;

(b) Safe environment - failure in the provision of a safe working environment from events that could endanger the safety of the employees; and

(c) Diversity and discrimination - failure to provide equalities in the employment practise.

(iv) Client or Products and Business Practices

In general, this risk category covers information risk as well as conduct risk, and it is sub-divided into five risk types, namely suitability disclosure and fiduciary, improper business or market practices, product flaws, selection sponsorship and exposure, and advisory activities.

(v) Damage to Physical Assets

Damage to physical assets due to force of nature, or events which are not within due control of human. It also includes accidents and public safety that relates to failure in the provision of a safe environment from events that could endanger the safety of the general public from significant danger, injury/harm, or damage.

(vi) Business Disruption and System Failures

Failure in the provision of an effective information technology infrastructure (e.g. hardware, networks, software) to support the current and future needs of the business in an efficient, cost-effective and well controlled manner.

41. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(vii) Execution or Delivery and Process Management

The risk relates to transaction capture or execution and maintenance, monitoring and reporting, customer intake and documentation, customer or client account management, vendors and suppliers.

Note: all risk types have an element of compliance risk (i.e. inability to comply with existing regulation, such as conduct risk). Regulatory risk under enterprise risk is linked with changing regulations and the risk they represent to sustainability of the current business model.

(viii) Technology and Cyber Risk

Risk which impacts confidentiality, availability and integrity of information and services related to information technology, be it hosted on-premises or in cloud. This includes risks that customers or the business units may suffer on service disruptions or may incur losses arising from system defects such as failures, faults, incompleteness in computer operations, information security breach, cyber-attacks, illegal or unauthorised use of computer systems or data breach via computer systems that was perpetrated either by internal staff or external parties, intentionally or unintentionally. Besides, cyber risk that can lead to losses due to cyber-crime and cyber terrorism is included. The consequences are potential breach of customers' data/information, jeopardise data integrity, regulation and reputational impact.

(ix) Business Continuity Risk

Risk of loss due to force of nature (e.g. avalanche, earthquake, flood, forest fire, hurricane, lightning, tornado, tsunami, and volcanic eruption), or events which are not within due control of human (e.g. terrorism, vandalism) or epidemic of infectious disease (e.g. H1N1, SARS, cholera) which could impact the continuity of MAHB and its entities' operations.

(x) Model Risk

Model risk is the risk arising from a model that does not operate as intended resulting in adverse consequences (e.g. financial loss, poor business or strategic decisions, reputational damage) arising from inappropriate decisions based on incorrect or misused model outputs.

41. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(xi) Legal Risk

Risk of loss which is primarily caused by a defective transaction, a claim (including a defence to a claim or a counterclaim) being made or some other event occurring which results in a liability or other loss, failing to take appropriate measures to protect assets owned, change in legislation or case law or failure to comply with regulatory requirements.

(xii) Compliance Risk

Risk of legal or regulatory sanctions, financial loss or reputational damage which a financial institution may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

(xiii) Data Risk

Risk of loss of data/information that could lead to financial risk, operational risk, reputational risk, legal risk and regulatory sanctions.

(xiv) Third Party Risk

Risk of loss due to internal control failure of third parties or failure of third parties performing in a manner consistent with their contracted scope of engagement with MAHB Group for the provision of the intended services/deliverables.

(xv) Conduct Risk

The risk of an organisation or an individual's activities having a detrimental impact on customers or negatively impacting the market and/or shareholder value.

42. ENTERPRISE RISK

Risk of loss or adverse impact arising from business/strategic, industry, corporate governance and systemic risk. Enterprise risk covers external and internal factors that can impact the MAHB Group's ability to meet its current business plan for achieving ongoing growth and value creation. It includes changes in the external environment including regulatory, economic environment, competitive landscape or the way people (customers or staff) behave. It can also be due to poor internal decision making and management or due to loss of reputation. Enterprise risk will be exacerbated when there is a disruption to financial services that is caused by an impairment of all or parts of the financial system, with the potential to have serious negative consequences to the real/entire economy.

(i) Regulatory Risk

Losses with regard to regulatory changes impacting, for example allowable product features, underwriting practices, profit sharing and solvency, which may affect the volume or quality of new sales or the profitability of in force business. Regulatory changes include all external compliance aspects such as tax environment and legislation.

Changing regulations (local and foreign countries in which MAHB Group has operations) threaten the competitive position and the capacity to efficiently conduct business. This can result in increased competitive pressures and significantly affect the ability to efficiently conduct business.

(ii) Business and Strategic Risk

Risk of current or prospective impact on earnings, capital, reputation or standing arising from changes in the environment the MAHB Group operates in and from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.

Risk of failure in directing and managing the business and affairs towards enhancing business prosperity and corporate accountability with ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

(iii) Reputational Risk

Reputational risk is risk damaged by one or more than one reputation event, as reflected from negative publicity about the business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence, resulting in costly litigation, or lead to a decline in its customer base, business or revenue.

42. ENTERPRISE RISK (CONTD.)

(iii) Reputational Risk (contd.)

Reputational risk can have severe impact on overall value either directly, by causing an increase in lapses, or indirectly through the inability of future value generation as a result of not being able to attract and keep new customers, distribution partners and staff.

(iv) Sustainability Risk

Sustainability risk is the uncertainty in being able to sustain the growth of our organisation. It can either represent a risk on its own or have an impact on other risks and may contribute significantly to such risks, including financial, non-financial and takaful risks.

This is the risk of loss arising from the failure to address environmental, social and corporate governance concerns, thus adversely impacting the sustainability of business operations or the value of assets and liabilities.

(v) Shariah Risk

Risk that arises from failure to comply with the Shariah rules and principle determined by the Shariah Committee of the Islamic Financial Services and the relevant body in the jurisdiction in which it operates.

Monitoring of Shariah risk and control is a joint responsibility of all risk pillars under Risk Management Department and Shariah Division.

(i) Shariah Non-Compliance Risk

Shariah non-compliance risk refers to the risk of Shariah, legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which an Islamic Financial Institution ("IFI") may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM, standards on Shariah matters issued by the Bank pursuant to section 29(1) of the Islamic Financial Services Act ("IFSA") or decisions or advice of the Shariah Committee ("SC").

43. FAIR VALUES MEASUREMENTS

This disclosure provides information on fair value measurements for both financial instruments as well as non-financial assets and liabilities which is structured as follows:

- (a) Valuation principles;
- (b) Valuation techniques;
- (c) Fair value measurements and classification within the fair value hierarchy; and
- (d) Transfers between Level 1 and Level 2 in the fair value hierarchy.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Company determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Company has also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Company follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Company continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective and periodic reviews are performed to ensure the model remains suitable for its intended use.

The levels of the fair value hierarchy as defined by MFRS Accounting Standards are an indication of the observability of prices or valuation input. It can be classified by the following hierarchies/levels:

- Level 1 : Active Market – Quoted price

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives, quoted securities and cash products traded on an exchange.

43. FAIR VALUES MEASUREMENTS (CONTD.)

(a) Valuation principles (contd.)

- Level 2 : No Active Market – Valuation techniques using observable input

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of Level 2 financial instruments include corporate and other government bonds, less liquid equities and over the counter ("OTC") derivatives.

- Level 3 : No Active Market – Valuation techniques using unobservable input

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

(b) Valuation techniques

(i) Cash and cash equivalents and other assets/liabilities

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(ii) Financing receivables

Financing receivables are granted at profit rates which are comparable with the rates offered on similar instruments in the market and to counterparties with similar credit profiles. Accordingly, the carrying amount of the financing receivables approximate their fair values as the impact of discounting is not material.

(iii) Takaful receivables and payables

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in Note 2.2 (viii)(h). The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(iv) Investments

Investments have been accounted for in accordance with the accounting policies as disclosed in Note 2.2 (iv) and Note 2.2 (v). The carrying amounts and fair values of investments are disclosed in Note 5 to the financial statements.

43. FAIR VALUES MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy.

General Takaful Fund

	Valuation technique using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Using Observable inputs RM'000	Level 3 Using Significant inputs RM'000	
2025				
<u>Assets</u>				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,210	-	13,210
(ii) Held for trading (HFT)				
Equity securities	169,501	-	-	169,501
Property trust funds	120	-	-	120
Financial assets at FVOCI				
Malaysian government papers	-	21,326	-	21,326
Debt securities	-	2,410,286	-	2,410,286
Equity securities	29,452	-	-	29,452
NICD	-	114,399	-	114,399
Derivative assets	-	337	-	337
Total assets	199,073	2,559,558	-	2,758,631
2024				
<u>Assets</u>				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,369	-	13,369
(ii) Held for trading (HFT)				
Equity securities	139,318	-	-	139,318
Financial assets at FVOCI				
Malaysian government papers	-	92,754	-	92,754
Debt securities	-	2,089,066	-	2,089,066
Equity securities	41,586	-	-	41,586
Derivative assets	-	-	-	*-
Total assets	180,904	2,195,189	-	2,376,093

* Representing RM122.

43. FAIR VALUES MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy. (contd.)

Company

	Valuation technique using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Using Observable inputs RM'000	Level 3 Using Significant Unobservable inputs RM'000	
2025				
<u>Assets</u>				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,210	-	13,210
(ii) Held for trading (HFT)				
Equity securities	349,277	-	-	349,277
Property trust funds	254	-	-	254
Financial assets at FVOCI				
Malaysian government papers	-	62,741	-	62,741
Debt securities	-	4,058,942	-	4,058,942
Equity securities	63,373	-	-	63,373
NICD	-	114,399	-	114,399
Derivative assets	-	1,954	-	1,954
Total assets	412,904	4,251,246	-	4,664,150
2024				
<u>Assets</u>				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,369	-	13,369
(ii) Held for trading (HFT)				
Equity securities	272,222	-	-	272,222
Financial assets at FVOCI				
Malaysian government papers	-	186,743	-	186,743
Debt securities	-	3,461,604	-	3,461,604
Equity securities	91,454	-	-	91,454
Derivative assets	-	-	-	*-
Total assets	363,676	3,661,716	-	4,025,392

* Representing RM190.

43. FAIR VALUES MEASUREMENTS (CONTD.)

(d) Transfers between Level 1 and Level 2 in the fair value hierarchy.

Assets and liabilities of the Company are recognised in the financial statements on a recurring basis. The Company determines whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year. There were no transfers between Level 1 and Level 2 for the Company during the financial years ended 31 December 2025 and 31 December 2024.

44. REGULATORY CAPITAL REQUIREMENT

The Company's Internal Capital Adequacy Assessment Process ("ICAAP") Framework is in place to manage and maintain capital adequacy level that commensurate with its risk profile at all times and to ensure that adequate capital resources are available to maintain Capital Adequacy Ratio ("CAR") above individual Target Capital Level ("ITCL") and Supervisory Level. Pursuant to the Risk-Based Capital Framework for Takaful Operators issued by BNM, the Company has met the minimum CAR of 130%.

The total capital available is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS Accounting Standards.

The total capital available of the Company as at 31 December 2025 and 31 December 2024, as prescribed under the RBCT Framework is provided below:

Company

	2025	2024
	RM'000	RM'000
Eligible Tier 1 Capital		
Paid up share capital	970,001	970,001
Valuation surplus in takaful funds	304,164	258,384
Retained earnings	1,290,789	1,117,794
	<u>2,564,954</u>	<u>2,346,179</u>
Tier 2 Capital		
FVOCI reserve	54,046	27,106
	<u>54,046</u>	<u>27,106</u>
Amount deducted from capital	<u>(75,268)</u>	<u>(54,902)</u>
Total Capital Available	<u>2,543,732</u>	<u>2,318,383</u>

45. SHARIAH DISCLOSURES

Shariah principles are the foundation of the practice of Islamic Finance through the observance of the tenets, conditions and principles espoused by Shariah to ensure all the operations and activities of the Company complies with Shariah rules and principles at all times.

The Company has put in place a sound Shariah governance framework to ensure strict adherence to Shariah requirements in its processes. A dedicated Shariah Committee ("SC") provides Shariah oversight on all material Shariah non-compliant risks across the Company. Supporting the SC are the Shariah Risk Management and Shariah Review and Compliance ("SRC") functions that respectively identify, measure, monitor and control Shariah non-compliance risks, and provides regular assessment on the compliance of the operations, business, affairs and activities of the Company with Shariah requirements.

Underpinning the governance framework are the detailed policies and procedures that include the required steps to ensure that each transaction executed by the Company complies with Shariah requirements. A dedicated internal audit team was also established to provide the required check and balance in ensuring strict compliance with the policies and procedures.

Any transaction classified as potential Shariah non-compliant will be escalated to the SC for deliberation and decision whether any Shariah requirements have been breached. Shariah Risk Management will track on the incident and rectification status, and ensure timely reporting to the SC, Board and BNM. For Shariah non-compliant transactions, any related income earned will be purified by channelling the amount to charity or given back to the customer, as determined by the SC.

The nature of transactions deliberated to SC for Shariah non-compliance are as follows:

- (i) Shariah non-compliant earnings

2025

Shariah non-compliant sources	Measures undertaken	Status
Acceptance of Shariah non-compliant risk in Motor business.	The Shariah non-compliant amount has been transferred to Amal Jariah Fund and is pending distribution. The total amount of RM6,040 excludes RM846 (the wakalah commission of RM689 and the Shareholder's portion of surplus sharing of RM157) for which will be transferred to Amal Jariah Fund in financial year 2026.	Pending distribution of charity funds.

45. SHARIAH DISCLOSURES (CONTD.)

- (i) Shariah non-compliant earnings (contd.)

2024

Shariah non-compliant sources	Measures undertaken	Status
Holding of security that has subsequently been considered Shariah non-compliant (Tencent Holdings Ltd.)	The Shariah non-compliant earnings from the selling of the security has been transferred to Amal Jariah Fund.	Income has been purified and channel to charity.

- (ii) Sources and uses of charity funds

	2025	2024
Sources of charity funds		
Shariah non-compliant prohibited income	6	* -
Total sources of charity funds during the year	<u>6</u>	<u>* -</u>
Uses of charity funds		
Contribution to non-profit organisation	-	* -
Total uses of charity funds during the year	<u>-</u>	<u>* -</u>

* Representing RM211.